

DAILY REPORT

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XINHUA ANALYSIS ON PROSPECT FOR REYKJAVIK SUMMIT

OW091810 Beijing XINHUA in English 1754 GMT 9 Oct 86

["News Analysis: Prospects for Upcoming Soviet-U.S. Reykjavik Summit (by Shen Yiming)"
-- XINHUA headline]

[Text] Moscow, October 9 (XINHUA) -- Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan in two days' time open their meeting in Reykjavik, the capital of Iceland, both sides stressing that it will be a working meeting rather than a full-fledged summit.

Strained Soviet-U.S. relations have made it almost impossible to hold the official summit that Reagan and Gorbachev agreed on for 1986 at last November's Geneva summit.

So, an interim summit has been agreed upon for October 11th and 12th. Actually, the two sides want to feel each other out on what issues are most important and what possible agreements could be forged.

Judging from the hard negotiating of both sides, the Iceland meeting's focus will be arms control and a nuclear test ban. The Soviet Union is in a better position on the test ban issue, as its unilateral moratorium on testing has been in effect now for 14 months. Gorbachev has declared that an agreement on nuclear testing with the U.S. should be a major result of this year's summit.

Another salient arms control issue is the reduction of strategic nuclear weapons and medium-range missiles. In addition, Reagan has said he will discuss Afghanistan and human rights with Gorbachev during the Iceland meeting.

In the days leading up to the meeting, both sides have assumed cautious positions. On the one hand, they regard the summit as crucially important, on the other, they cherish no illusions. As the world knows, the Soviet Union and the United States differ sharply on space arms control and how to reduce strategic arsenals, with each side unwilling to assume any position they perceive as being weak or inferior. Because of this, the possibility of an arms control breakthrough at Reykjavik is slim. However, it is possible that this summit will see certain compromises reached on some minor arms control points, because both sides, to serve their own purposes, would like to see the currently strained relations relaxed.

Recently, the Soviet Union has softened its positions on some issues. On space weapons, the Soviet Union has not insisted that the United States give up research on its Strategic Defense Initiative (SDI) program. On medium-range missiles in Europe, the Soviet Union has agreed to exclude the independent nuclear forces of France and Britain from discussions on missile reduction. The Soviet Union has also made concessions on the scope and magnitude of reductions in strategic weapons.

Though refusing to change its positions on the issue of "star wars", the unofficial name for SDI, and on nuclear testing, the United States has expressed an interest in reaching an agreement on medium-range missiles.

As for bilateral relations, it will come as no surprise should the two sides reach new agreements on increasing exchanges in the fields of science and technology, culture and education in order to ease relations.

Should the Reykjavik meeting unfold as outlined here, a date for Gorbachev's official visit to the United States may be announced at the end of this summit.

RENMIN RIBAO HAILS CHINESE TEAM AT ASIAN GAMES

HK100227 Beijing RENMIN RIBAO in Chinese 6 Oct 86 p 1

[Editorial: "Salute to the Chinese Athletes"]

[Text] Glad tidings of victory have poured in from the 10th Asian Games: With concerted efforts and an indomitable spirit, China's athletes have surmounted difficulties and maintained first place in the total number of gold medals, which manifests the fine spiritual features of the sons and daughters of the Chinese nation. Comrades of the Chinese sports delegation, you have made arduous efforts. The people of the motherland salute you.

At the Asian Games, which lasted 16 days, the competition was unprecedentedly intense in many events. This shows that the level of Asia's sports have been upgraded. The teams and athletes formerly strong in certain events had to accept new challenges. A number of unknown athletes have become eminent. We congratulate the athletes of various countries and regions on their successes and commend them for their concerted efforts made to develop Asia's sports.

A sports ground is like an examination hall. The current review of the strength of China's athletes indicates that China has continued to maintain superiority in gymnastics, diving, shooting, weight lifting, rowing, women's volleyball, and other events. China has also made remarkable improvements in men's and women's basketball, men's volleyball, swimming, and other events. This precisely embodies the considerable progress China has made recently in its sports. The successes scored by China's athletes at the Asian Games have encouraged and impelled the people of the entire country, who are carrying out the building of material and spiritual civilization.

Competitiveness is an important characteristic of athletic contests. The large number of outstanding athletes and the successes achieved in China's sports circles recently are without exception the result of hard training, enterprising spirit, and keen competition. The spirit of competition is the concentrated expression of the vitality of sports. Competition requires a scientific attitude and exertion of utmost strength. The combination of scientific training methods which conform to objective laws and the style of setting strict demands on training is the key to success. It would be impossible to achieve any success by merely exerting our utmost strength; a scientific attitude is also necessary. The recent Asian Games revealed some of our weak links. China was not as competitive in certain events. Therefore, we should earnestly sum up our experience and make new breakthroughs.

As the next Asian Games will take place in Beijing 4 years from now, we should start to make preparations. The progress of sports cannot be separated from reform. The reform of the sports system should ensure and promote competition. The ultimate aim is to create a fine environment that is advantageous to bringing forth outstanding athletes through competition.

The people of the country have concerned themselves with and participated in the major event of developing physical culture to strengthen the people's health and inspire the national spirit.

We should learn from the athletes' spirit of making arduous efforts, forging ahead, and vying with one another in competition, rather than being concerned with the number of gold medals they have captured. While we are making efforts to revitalize China today, it is necessary to advocate the enterprising spirit and the concept of competition throughout the nation. This is indispensable for the success of reform and the four modernizations.

Our victory was hard-won. From now on, we should keep a cool head, recognize where we are lagging behind, and redouble our efforts to scale new heights. China will certainly be able to become one of the powerful sports countries in the near future.

PRC JOINS UN ATOMIC RADIATION EFFECTS COMMITTEE

OW091955 Beijing XINHUA in English 1940 GMT 9 Oct 86

[Text] United Nations, October 9 (XINHUA) -- China was admitted today to the United Nations Scientific Committee on the Effects of Atomic Radiation (UNSCEAR) and became its 21st member.

A resolution to the effect was unanimously adopted today at a meeting of the U.N. Special Political Committee. It said the participation of China would enhance the effectiveness of the scientific committee.

As a procedure, the resolution will be submitted to the U.N. General Assembly for approval.

The Chinese Government officially applied for the UNSCEAR membership last August, which received warmly welcome from all its member states.

After the adoption of the resolution on China's membership, Chinese Ambassador to the U.N. Liang Yufan said at the meeting that China "highly appraises" the work of the organization, which is "of tremendous value to the developed and developing countries in the cause of harnessing atomic energy for peaceful purposes."

"The Chinese Government attaches great importance to the peaceful uses of atomic energy and is deeply interested in the development of science and technology for the alleviation and elimination of the harmful effects of atomic radiation," the Chinese ambassador said.

Therefore, China needs "very much the cooperation with UNSCEAR and other related agencies in order to benefit from the results of their scientific research," he added.

Established in 1955, the Vienna-based U.N. committee is responsible for assembling, studying and disseminating information on observed levels of ionizing radiation and radioactivity in the environment, and on the effects of such radiation upon human beings.

Prior to China's participation, the UNSCEAR was composed of Argentina, Australia, Belgium, Canada, Czechoslovakia, Egypt, France, Federal Germany, India, Indonesia, Japan, Mexico, Peru, Poland, the Sudan, Sweden, the Soviet Union, Britain and the United States.

BEIJING TO HOST MILITARY LOGISTICS EXHIBITION

OWO92326 Beijing XINHUA in English 1728 GMT 9 Oct 86

[Text] Beijing, October 9 (XINHUA) -- An international military logistic equipment and technology exhibition, the first of its kind in China, will be held November next year.

The exhibition is organized by the China Council for Promotion of International Trade (CCPIT), Beijing Sub-Council, and Modern China Ltd., a subsidiary of the Hong Kong-based TA KUNG PAO, and is sponsored by the Chinese People's Liberation Army (PLA) General Logistics Department, Scientific Research Department and logistics departments of the PLA Air Force, Navy and Second Artillery.

Liu Mingpu, deputy director of the PLA General Logistics Department, said at a news conference this afternoon that China is now carrying out the policy of opening to the outside world and invigorating the domestic economy, and the country's military logistic construction should also open up.

The Chinese Army hopes to absorb useful knowledge and experience from foreign countries so as to promote the development of its logistic modernization, he said.

He said he expected many foreign companies to participate in the exhibition and to strengthen the understanding and friendship between China and other countries through the exhibition.

Yu Xizhong, director of the CCPIT Beijing Sub-Council and Wang Lichuan, representative of general director of TA KUNG PAO and chairman of Modern China Ltd. Fei Yimin, also spoke at the conference.

Liu Lumin, deputy chief of staff of the PLA Central Logistics Department, introduced at the conference the organization and tasks of his department.

"We welcome exhibits of either advanced technology and equipment or complete sets of common level equipment," he added.

More than 200 foreign diplomats stationed in Beijing and representatives of foreign companies were present at today's conference.

Meanwhile, an international defense technology exhibition will be held in the Chinese capital in November this year.

WU XUEQIAN MEETS VISITORS FROM DENMARK, MEXICO

OWO91248 Beijing XINHUA in English 1115 GMT 9 Oct 86

[Text] Beijing, October 9 (XINHUA) -- State Councillor and Foreign Minister Wu Xueqian met here today Hans Grunnet, director general of the Danish Press and Cultural Department, and Djuka Julius, columnist of "EXCELSIOR", a Mexican newspaper.

PRC ANNOUNCES U.S. NAVAL VISIT TO QINGDAO

OW091228 Beijing XINHUA in English 1215 GMT 9 Oct 86

[Text] Beijing, October 9 (XINHUA) -- Three U.S. Naval vessels, led by Admiral James Lyons, commander-in-chief of the U.S. Pacific Fleet, will pay a friendly, courtesy call to Qingdao from November 5 to 11.

This was announced by a Chinese department concerned here today.

When asked whether the U.S. vessels will carry nuclear weapons, a responsible official of the department said: "China's consistent policy is not to allow foreign warships carrying nuclear weapons to make port calls to China."

U.S. SECRETARY OF DEFENSE CONTINUES VISIT

Speaks at Defense University

OW091116 Beijing XINHUA in English 1050 GMT 9 Oct 86

[Text] Beijing, October 9 (XINHUA) -- The measured growth of U.S.-China military relations is the result of a willingness of both sides to pursue policies which satisfy each country's short and long-term interest, U.S. Secretary of Defense Caspar Weinberger said here today.

During a public lecture he gave at the National Defense University of the Chinese People's Liberation Army, Weinberger said, "Foremost among these is a common concern -- that no one country dominate Asia or the world, and to maintain peace through strength, thereby creating conditions favorable to the continued rapid modernization of Asia."

He went on, "We believe a secure, modernizing and friendly China -- with an independent foreign policy and developing economic system -- is an essential part of international security."

He said China's ensuing economic growth, enrichment of the lives of the Chinese people, and China's friendship, respect and concern for its neighbors contribute to the peace and strength of the entire region. "The key to respect in the region is economic power rather than mere military force," he said.

Noting that "we have cooperated and will continue to contribute to China's defense modernization," he quoted U.S. President Reagan as saying, "Our intention is to provide China with the capability to defend itself."

The defense secretary also answered questions raised by Chinese officers.

Chinese Minister of National Defense Zhang Aiping and U.S. Ambassador to China Winston Lord were present.

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B 2

PRC INTERNATIONAL AFFAIRS
UNITED STATES

Meets Zhao Ziyang

OW091521 Beijing XINHUA in English 1457 GMT 9 Oct 86

[Text] Beijing, October 9 (XINHUA) -- Chinese Premier Zhao Ziyang today met and had a friendly talk with visiting U.S. Secretary of Defense Caspar Weinberger on further development of bilateral relations.

Zhao said China sincerely hopes to see further growth of the Sino-American relations.

Zhao expressed his satisfaction with the fact that the Sino-U.S. relations have been quite stable and made some new progress.

But, he said, the Taiwan issue is still an obstacle to the development of bilateral relations. If this problem is settled great progress will be made in the Sino-American relations, he added.

Zhao said he was very pleased to note the fairly smooth development of bilateral economic relations, adding that there still exist great potentials in this field.

He urged the two sides to jointly promote bilateral economic relations and trade as well as technical transfer.

Zhao briefed Weinberger on China's economic restructuring and its policy of opening to the outside world.

Weinberger said that the U.S.-Chinese relations are improving and growing, which is beneficial to both sides.

Weinberger handed to Premier Zhao a letter from U.S. President Ronald Reagan. Zhao asked Weinberger to convey his greetings to President Reagan.

Present on the occasion were Vice-Minister of Foreign Affairs Zhu Qizhen, Deputy Chief of General Staff of the Chinese People's Liberation Army Xu Xin, Chinese Ambassador to the U.S. Han Xu, U.S. Ambassador to China Winston Lord, as well as Weinberger's assistants.

Weinberger delivered a speech at the University of National Defense here this afternoon.

This evening Weinberger gave a return banquet at the Great Wall Hotel. Chinese Minister of National Defense Zhang Aiping was among the guests.

Announces U.S. Port Call

OW091637 Beijing XINHUA in English 1623 GMT 9 Oct 86

[Text] Beijing, October 9 (XINHUA) -- U.S. Defense Secretary Caspar Weinberger officially announced that three U.S. Navy vessels will make a port call at the Chinese city of Qingdao November 5 to 11, at a press conference in Beijing this evening.

This coming visit will be the first of U.S. warships to China since 1949, Weinberger said.

He said that this important visit, beneficial to both sides, is a clear evidence of the continuing military-to-military relationship between the two countries. He appreciated the hope of Chinese Naval vessels repaying the visit of the U.S. warships in the future.

On his current visit, he said that he had very productive and interesting talks with Chinese leaders and defense officials on bilateral and regional issues as well as those of global significance.

HSIN WAN PAO ON WEINBERGER'S VISIT TO BEIJING

HK090927 Hong Kong HSIN WAN PAO in Chinese 9 Oct 86 p 7

["Evening Talk" column by Yang Zhu (5017 2612): "Weinberger in the Chinese Capital"]

[Text] Great Importance Is Attached Indeed [subhead]

Deng Xiaoping's scheduled meeting with U.S. Secretary of Defense Caspar Weinberger itself shows that Beijing indeed attaches great importance to this visit.

This has already been shown by the fact that on the afternoon of the very day of his arrival in Beijing, Yang Shangkun and Yang Dezhi immediately met him. Yang Shangkun is the permanent vice chairman of the CPC Central Military Commission and Yang Dezhi is the chief of staff, China's two highest-ranking military leaders.

"Positive Results" [subhead]

Yesterday, Chinese Minister of National Defense Zhang Aiping held formal talks with Weinberger, accompanied by the two PLA deputy chiefs of staff, the minister in charge of the Commission of Science, Technology, and Industry for National Defense, and also the PLA Navy and Air Force commanders. This group of participants in the talks showed the talks' importance.

The Commission of Science, Technology, and Industry for National Defense is in charge of affairs related to national defense science, technology and industry, such as the development of missiles and rockets.

At the welcoming banquet that Zhang Aiping gave in Weinberger's honor after the talks, he mentioned the "exchange of military technology," and also said, "The two sides have achieved positive results in their talks today."

No Conflict [subhead]

These words have told people what they want to know: China is willing to buy what the United States wants to sell. Even if no deal has yet been made, there will not be major obstacles to it. Otherwise, what are "positive results"?

The exchange visits of Chinese and U.S. military personnel and the exchange of military technology are carried out on the basis of total equality and mutual respect for sovereignty. They are not in conflict with China's independent and peaceful foreign policies.

Friendly and Frank [subhead]

Concerning the discussions on international issues, China's official news agency XINHUA only said, "The two sides extensively exchanged views on major current international issues in a friendly and frank atmosphere," and gave no more detailed report.

Foreign news agencies reported that Weinberger informed the Chinese side of some of the things concerning the imminent U.S.-Soviet summit meeting in Iceland and talked about some of his views, including:

-- The Soviet Union lied in saying that it would withdraw six regiments from Afghanistan, and what it has done is only rotate troops.

-- The strong military forces of the Soviet Union are the greatest threat to world peace and also to the Asia and Pacific region, including China.

-- The U.S. "star wars" plan is not aimed at militarizing outer space but at safeguarding peace.

No Need for Identity of Views [subhead]

In addition, it is said that he talked about the situation on the Korean peninsula and in Central America.

A frank exchange of information and views is always useful. It does not mean that one side in the talks must agree with the other side's views on the issues.

WEN WEI PO ON WEINBERGER'S VISIT TO CHINA

HK100513 Hong Kong WEN WEI PO in Chinese 10 Oct 86 p 2

[Editorial: "Weinberger's Visit to China and Sino-U.S. Relations"]

[Text] On the eve of the U.S.-Soviet Iceland summit meeting, U.S. Secretary of Defense Weinberger visited Beijing. Weinberger assumed a new posture in his current visit, and he also brought a letter from Reagan to Deng Xiaoping. He quoted Reagan as saying, "Our intention is to provide China with the capability to defend itself."

Recent developments in U.S.-Soviet relations, Sino-Soviet relations, and Sino-U.S. relations are all noticeable. China and the Soviet Union are holding talks at the vice minister level. Apart from talking about their border issue, the two sides have also begun to touch on the three major obstacles, including the Cambodian issue. At such a delicate moment, Weinberger's visit certainly serves some special purposes.

It is certain that Sino-U.S. relations have been developing in recent years. One of the reasons for such developments is that China and the U.S. share identical or similar viewpoints on many international events. On the Afghan issue, China strongly demands that the USSR withdraw all its troops; on Sino-Soviet border issue, China hopes that while the U.S. and USSR reduce their intermediate-range missiles in central Europe, and the USSR will not move the missiles to Asia and thus endanger security in Asia; on the issue of Vietnam's aggression against Cambodia; China strongly demands that the USSR use its influence to force Vietnam to withdraw its troops from Cambodia. [paragraph continues]

All this shows that China is a major force for peace in the Asia-Pacific region. The U.S. holds similar viewpoints on these issues. Therefore, Weinberger said: "A secure, modernizing and friendly China is an essential part of international security," and "both China and the U.S. wants to preserve peace on the base of strength, and only thus can favorable conditions be created for Asia to continue to realize modernization rapidly."

Weinberger and Zhang Aiping talked for more than 3 hours. They talked about cooperation between the armies of the two countries and the exchange of military technologies. The two defense ministers agree that their talks were "fruitful." According to reports by foreign news agencies, Weinberger has promised to solve the outstanding issues concerning technology transfers and arms sales between the two countries.

Apart from military cooperation, this is also favorable to Sino-U.S. economic cooperation. In the past, a lot of sophisticated technologies were labelled as "being applicable in the military field." In fact, so long as the U.S. is sincere about removing the obstacles, Sino-U.S. trade is bound to expand. Weinberger said that China is respected in Asia, and "the key reason is its economic strength, not merely its military strength."

Deng Xiaoping met with Weinberger in the capacity of chairman of the Central Military Commission. He listened to Weinberger's briefing on U.S. viewpoints on the world's overall situation, the U.S.-Soviet summit meeting, and Sino-U.S. relations. They also exchanged opinions. This meeting played a positive role.

Although China and the U.S. share common viewpoints on many issues, the Taiwan issue remains a major obstacle to Sino-U.S. relations. If the United States cannot adopt a correct approach to the Taiwan issue, it is still difficult to expect any major breakthrough in Sino-U.S. relations. The Chinese people have declared that they will solve the Taiwan issue in light of the concept of "one country, two systems." Beijing has again and again expressed its hope that the two sides of the Taiwan Straits will first restore shipping, postal, and commercial relations so as to gradually remove feelings of antagonism and confrontation. All people know what kind of relationship the U.S. Government has with the Taiwan authorities, and it is certain that the Reagan administration can do something to promote the settlement of the Taiwan issue. This time, Weinberger brought a message that the U.S. is willing to further develop relations with China. We hope that after the visit, the U.S. will take more concrete action. So long as the U.S. does not interfere in China's internal affairs and abolish the Taiwan Relations Act, then the peaceful atmosphere on the Taiwan Straits will develop further.

The Asia-Pacific region is not on the brink of another major economic upsurge. If China and the U.S. strengthen their cooperation, this will certainly promote prosperity in this region. When meeting with Weinberger, Zhao Ziyang focused the talks on the Taiwan issue and emphasized that there is still a great potential to tap in Sino-U.S. economic cooperation. He also mentioned China's opening policy. If the U.S. can remove the obstacle of the Taiwan issue, there will certainly be a "golden period" for Sino-U.S. trade and for economic development in Asia-Pacific region.

RENMIN RIBAO COLUMN VIEWS U.S. LIBYAN 'SCANDAL'

HK091102 Beijing RENMIN RIBAO in Chinese 8 Oct 86 p 7

["Jottings" column by Chen Feng: "More than a 'Scandal'"]

[Text] After U.S. air raids against Libya in April this year, news media in the United States kept releasing reports on an unstable domestic situation in Libya from late August to early September, saying that a coup d'etat might take place in Libya, that Colonel Al-Qadhdhafi would be overthrown, that military conflicts might break out between the United States and Libya, and so on. In the meantime, the U.S. Navy, in cooperation with Egypt, held joint military exercises off the coast of Libya, and U.S. airplanes even repeatedly flew around Libya's territorial air space. Consequently, a tense atmosphere suddenly loomed over the Mediterranean Sea.

THE WASHINGTON POST on 2 October revealed that all these "reports" were merely the product of psychological warfare against Libya waged by the United States, with rumor spreading as its major tactic. The newspaper reported that a program against Libya featuring a rumor-spreading tactic worked out by National Security Adviser Poindexter was adopted at a high level secret meeting on 14 August and submitted to the top leadership for ratification. After that, high-ranking U.S. officials began to deliberately leak so-called "confidential intelligence" to the press by various means.

THE WALL STREET JOURNAL took the lead in carrying "exclusive reports" on the Libyan situation. Then a series of articles and reports came out and other newspapers and television news services followed suit. It made a furor for a while, but in fact all the leaks were forged reports.

The exposure by THE WASHINGTON POST 2 October has placed the U.S. Government in a very awkward position. Asked about the case by reporters, the U.S. President and Secretary of State Shultz neither confirmed nor denied the report. However, Shultz remark: "Why do we not do it if we can make Col al-Qadhdhafi worried waking or sleeping?" His remarks simply imply that the United States does not rule out the possibility of applying a rumor tactic against Libya.

The U.S. press circles are very discontent with the government's deceitful practice, calling it a "scandal." From the viewpoint of international relations, the government of a country will violate the most rudimentary moral standards if it starts rumors against another sovereign state and its leaders. It is definitely more than a scandal.

AGREEMENT SIGNED FOR SINO-U.S. TEXTILE VENTURE

OW092045 Beijing XINHUA in English 1508 GMT 9 Oct 86

[Text] Beijing, October 9 (XINHUA) -- A contract was signed here today for a Sino-U.S. joint venture in woolen textiles.

Thirty percent of the 4.98 million U.S. dollar investment in the project will come from the American H.M. Transworld Textile Company Ltd. The rest will be raised by the Beijing Wool and Knitwear Corporation, the Beijing International Trust and Investment Company and a local company in the capital's suburbs. named the MTEX of Beijing Woolen Textile Co. Ltd, the enterprise will start producing cashmere, rabbit-hair and camel-hair sweaters next year.

NODONG SINMUN HAILS LI XIANNIAN'S VISIT TO DPRK

OW091314 Beijing XINHUA in English 1137 GMT 9 Oct 86

[Text] Pyongyang, October 9 (XINHUA) -- Chinese President Li Xiannian's four-day visit beginning October 3 to Korea shows a continued development in Korean-Chinese relations, said Korean chief newspaper, NODONG SINMUN, here today.

The paper said in an editorial that Li's meetings and talks with Korean President Kim Il-song have boosted the close relations between the two leaders and reaffirmed the two countries' common wish of standing together in the struggle to speed up their socialist construction and safeguard peace in Asia and the world as a whole.

The editorial quoted President Li as saying that the Korean-Chinese relations are unbreakable.

The resolution on the guiding principles for building socialist society with advanced culture and ideology adopted at the Sixth Plenary Session of the Twelfth Central Committee of the Communist Party of China in late September, the editorial said, is of great significance to China's socialist construction.

It is said that the Korean people heartily rejoice at the smooth-developing socialist construction of their Chinese brothers and the growing might of China.

The editorial said in conclusion that the Korean people will spare no efforts in enhancing the friendship between the two countries.

RENMIN RIBAO EDITORIAL ON SINO-KOREAN FRIENDSHIP

HK091010 Beijing RENMIN RIBAO in Chinese 8 Oct 86 p 1

[Editorial: "New Chapter in Sino-Korean Friendship"]

[Text] PRC President Li Xiannian has successfully concluded his official friendly visit to the DPRK and returned to Beijing. This visit has further consolidated the comradeship and militant unity between the two parties, two countries, and two peoples. The Chinese people are genuinely happy about the success of President Li Xiannian's DPRK visit.

The mutual visit and exchange of views between the leaders of the two parties and countries like calling on relatives is a fine tradition in deepening the Sino-Korean friendship which was initiated by Chairman Mao Zedong, Premier Zhou Enlai, and parties and countries have further brought forward this tradition through frequent ties and intimate talks and continuously pushed forward the great friendship between the two peoples established in long-term revolutionary struggles and socialist construction. This visit of President Li Xiannian has written a new chapter in Sino-Korean friendship.

Under the leadership of Chairman Kim Il-song and the Korean Workers Party over the past several decades, the Korean people have scored great achievements in unfolding the three great revolutions in depth by adhering to the correct stand of "taking the initiative in one's own hands politically, maintaining independence economically, and strengthening self-defense in national defense." Today, they are marching toward the 10 long-term targets of the 1980's, when they have successfully fulfilled the Second 7-Year Plan. During his current visit, President Li Xiannian saw with his own eyes the great changes brought about by the Korean socialist construction, and was even more deeply impressed than by what he saw during his two previous DPRK visits. The Chinese comrades admire the Korean people for their great achievements, and are greatly inspired.

For years, the Korean Government has made unremitting efforts to realize the peaceful unification of Korea and take the initiative in its own hands. During his visit, President Li Xiannian and Chairman Kim Il-song conducted their talks in a very cordial and friendly atmosphere. Both parties believe that relaxation of the Korean peninsula situation will not only promote Korea's peaceful unity and taking the initiative in its own hands, but has important significance for the peace and stability of the entire Asia and Pacific region. The Chinese people resolutely support all reasonable propositions of the Korean Government. We are sure that the beautiful land of Korea, which has been artificially divided, will eventually be unified.

The great Sino-Korean friendship is based on Marxism-Leninism and proletarian internationalism. To continuously consolidate and develop Sino-Korean friendship is the resolute stand of our party and country, as well as the common aspiration of the Chinese people. As president of our country, Comrade Li Xiannian received a warm welcome and very cordial treatment during this visit to the DPRK, once again demonstrating that the friendship cemented in blood between the peoples of the two countries has stood the test of time. Together with the Korean people, the Chinese people will, as always, make this friendship pass down from one generation to another.

DPRK DENIES INVOLVEMENT IN KIMPO AIRPORT BLAST

OW161156 Beijing XINHUA in English 1150 GMT 16 Sep 86

[Text] Pyongyang, September 16 (XINHUA) -- The Democratic People's Republic of Korea (DPRK) today denied any involvement in the September 14 blast at the Kimpo airport in South Korea, saying "it has nothing to do with us."

"NODONG SINMUN," DPRK's leading newspaper, said in a commentary that it is absurd indeed that the South Korean authorities linked the incident with the North side of Korea before conducting an investigation of the incident. This action, the paper said, constitutes "an intolerable challenge" to the North side, threatening to harm the international status of the DPRK.

The paper said such an incident is inevitable as South Korea is in a political crisis and social disorder.

The paper believed that the South Korean authorities may once again try to insult the North side by the same means.

On September 14, a bomb went off near the crowded arrival terminal at the Kimpo (international) Airport in Seoul, killing five people and seriously injuring 21.

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PRC INTERNATIONAL AFFAIRS
NORTHEAST ASIA

SINO-JAPANESE ECONOMIC COOPERATION MEETING HELD

Rong Yiren, Nakasone Meet

OW080730 Beijing XINHUA in English 0631 GMT 8 Oct 86

[Text] Tokyo, October 7 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone said today that Japan will increase its investment in China, hoping to make investments in larger enterprises.

He made the remarks when meeting with Rong Yiren, chairman of China International Trust and Investment Corporation (CITIC), who is attending a meeting here on Sino-Japanese economic cooperation.

Nakasone said thanks to the improvement of investment environment, Japanese investment in China has been increasing in recent years.

He hoped China will further improve the environment for international investments and expressed his conviction that the two countries will boost economic cooperation on the basis of mutual benefit.

Rong said the two countries should enhance cooperation not only among small and medium-sized enterprises but also among big enterprises and in finance as well. He said that in addition of governmental cooperation, non-governmental cooperation should be encouraged.

Economic Conference Ends

OW081238 Beijing XINHUA in English 1218 GMT 8 Oct 86

[Text] Tokyo, October 8 (XINHUA) -- The first China-Japan Economic Cooperation Conference closed here today with agreements signed on 40 possible joint-venture projects.

The conference was co-sponsored by the China International Trust and Investment Corporation (CITIC) and the Japan Chamber of Commerce and Industry. Extensive discussions were held at the three-day conference on expanding cooperation between enterprises, particularly the small and medium-sized enterprises.

The two sides discussed 40 possible joint-venture projects. They signed five confirmed contracts, 11 agreements and 31 confirmation papers for further negotiations.

The two sides agreed to strengthen contacts and explore new cooperative projects in the future. Both countries decided to have regular information exchanges and hold a working session in the first half of 1987 to follow-up the work of the conference.

Both Rong Yiren, president of CITIC, and Noboru Goto, president of the Japanese Chamber, expressed satisfaction with the success of the conference in their closing speeches.

Rong noted that the conference has provided a fine opening for cooperation between the small and medium-sized enterprises of the two nations. Goto expressed the hope that the two sides will fulfill their commitments.

NOMURA SECURITIES OPENS OFFICE IN SHANGHAI

OW091444 Beijing XINHUA in English 1253 GMT 9 Oct 86

[Text] Shanghai, October 9 (XINHUA) -- Nomura Securities of Japan yesterday opened an office in Shanghai, China's biggest industrial center.

The office will help collect foreign capital for both Shanghai City and the Shanghai Economic Zone, provide industrial and financial information, and introduce China's investment conditions to Japanese firms, a local official told XINHUA today.

Nomura, with a history of more than 60 years, is engaged in bond issues and sales in and outside Japan. It has established branch companies and offices in 29 countries and regions, with a total capital of 97 billion yen.

Before the establishment of the office, Nomura and the Shanghai Trust and Investment Company jointly set up a consultancy office which provides advice on enterprise management and urban development, offers information on new technological development and introduces Japanese firms to their Chinese counterparts for economic cooperation.

In 1984, the Nomura-China Investment Company was formed, which specialises in the investment business in China. Since then, the company has introduced about 1,000 Japanese businessmen to Shanghai enterprises.

Through Nomura, the Shanghai Trust and Investment Company issued bonds worth 25 billion yen in Japan early this year.

QIAO SHI, SONG PING MEET JAPANESE BUSINESSMAN

OW081939 Beijing XINHUA in English 1832 GMT 8 Oct 86

[Text] Beijing, October 8 (XINHUA) -- Vice-Premier Qiao Shi and Song Ping, state councillor and minister in charge of the State Planning Commission, met here today with a delegation from the Mitsubishi Corporation of Japan led by its new president, Takeo Kondo.

Kondo told Qiao Shi that China is Japan's most important neighbor. He expressed the desire to make efforts for the development of trade between the two countries on the principle of mutual benefit.

Qiao Shi expressed his appreciation for the efforts made by Mitsubishi in developing Japan-China economic, trade and technological relations.

While meeting with Kondo and his party, Song Ping expressed his satisfaction with the fruitful cooperation between China and Japan in the fields of industry, agriculture, trade, science and technology.

Kondo hoped to have more discussions on the possibility of cooperation between the two countries in the fields of telecommunications, radio and air traffic control technology.

PRC UN ENVOY MEETS SITTHI, DISCUSSES SOVIET PLAN

BK071135 Bangkok Television Service in Thai 1300 GMT 6 Oct 86

[Report from station correspondent Narumon Methisuwakun in New York]

[Text] A new trend in Sino-Soviet relations may have developed, it was reported a few days ago. The Soviet Union has demonstrated a compromising attitude toward China by announcing troop withdrawals from Afghanistan and Mongolia as well as along its border with China. It is anticipated that compromise between the two countries could have an effect on the Cambodian problem, in particular the attitude of China.

The Chinese ambassador to the United Nations, on instruction from the Chinese foreign minister, met with [Thai Foreign Minister] Air Chief Marshal Sitthi Sawetsila at the UN building and told the latter that China is still waiting to see the materialization of the Soviet plan to withdraw troops from those areas. So far, the Soviet Union has not done so. Besides, the Soviet Union can send its troops back to Mongolia at any time. At present, Chinese airspace is still being violated. He stressed that other issues brought up by the Soviet Union are less significant than the settlement of the Cambodian problem. At least, the Soviet Union should not send weapons to Cambodia, and eventually the Vietnamese troops must be pulled out of Cambodia. Meanwhile, political relations between the two countries remain unchanged.

THAI PAPER INTERVIEWS GU MU ON JOINT PROJECTS

BK081359 Bangkok XING XIAN RIBAO in Chinese 1 Oct 86 pp 5, 8

[Report by Feng Bingshan, chief editor, on "major details" of talks between PRC State Councillor Gu Mu and XING XIAN RIBAO delegation led by managing Director Li Kunyang (Thai name: Ari Santiphongchai) at the Great Hall of the People in Beijing on 13 September]

[Excerpts] [Passage omitted] [Feng] Relations between Thailand and China are very good. XING XIAN RIBAO, a mouthpiece of the people, would like to know about the Thai-Chinese trade situation and the China's political and economic reform program. We will then report about it when we return.

[Gu] I will mainly talk about my country's open-door policy and the situation. Our open-door policy can also be applied to our Thai friends. We will better promote Chinese-Thai economic cooperation. If you have any questions, please raise them for discussion.

We have implemented an open-door policy for 7 years since 1979. It could be said that we have achieved remarkable success, but there are also some problems. We have been continuously summing up our experience and making improvements. We admit that we are inexperienced in economic work. We are capable of political and foreign tasks, so now we are trying to do well with our economy. [passage omitted](

[Li] Can you say how long it will take to improve the existing economic problems, and will the policies be changed?

[Gu] We have made a summary. Our policies do not change. Leading comrades of the Central Committee and the State Council realize that since opening up to the outside world is a set national policy, we have to continuously implement it. Why do outsiders always say that our policies are changeable, do not trust us and are dissatisfied with our work? This is because we closed our door for a long time, and lack experience in opening our doors. We are inexperienced in utilizing foreign investment and learning foreign management techniques. We are also overcautious and lack determination in promoting enterprise. All in all, we lack a sound administrative system. Some projects need approval from various departments. The efficiency is very low. In other countries, if investment talks are smooth, a contract can be signed within 10 to 15 days, but it takes 6 months or even a year in China. You have to ask for approval from many departments. It takes a long time. We are inexperienced. Legislation is a very difficult issue. The law cannot be changed all the times, so legislation cannot be enacted quickly. Outsiders have complaints about it. I assure you that we will announce specific measures after 3 months.

[Feng] Foreigners are afraid of that China's present economic policies will be changed. They worry about whether China will go back to the old road after Deng Xiaoping?

[Gu] The government has systematically summed up our experience. We find that the people support the present economic policies. Speaking from the point of economics, we have to emphasize once again that we must succeed with the 6,800 joint ventures involving foreign investment because they involve our national reputation and China's determination to boost its economy. Although these 6,800 projects are still far from meeting our people's needs, their life has improved. They will not allow anyone to change the present policies. As for the 6,800 contracts, although they may not be equitable because of our inexperience or the problems of foreign businessmen, we are determined to work in accordance with the contracts so long as they do not involve national sovereignty and do not contradict our foreign joint venture laws. Even if we are at a disadvantage, we will carry them out because reputation and honor are important. This will ensure that our foreign economic relations continue to grow. [passage omitted]

[Feng] Will you please forecast how Thai-Chinese friendship will develop?

[Gu] China and Thailand are near neighbors. Relations between our two countries are smooth. Following my recent observation trip to Yunnan, I have an idea to promote that area's relationship with Burma, Thailand and Singapore by opening Kunming as an independent aviation gateway. The Kunming-Bangkok air route now has a number of charter flights. This route has potential. You can use the geographical advantage to do business, for friendship contacts, and to develop tourism. The contacts will be more convenient if you do not have to go via Guangzhou and Shanghai.

[Li] Our friends and readers have complained about suffering losses in doing business with China because of the variable quality of Chinese products and late delivery.

[Gu] It is true. We have to improve the quality of our products, send goods on time, and solve transportation problems.

[Li] When will these things be improved?

[Gu] All of them will be improved. We will strengthen the management of our air, railway and sea transportation. However, we cannot solve all these detailed problems in a morning because it involves reform of the system.

[Li] A lot of Thai businessmen have invested in China in recent years, but now the number is falling.

[Gu] I can affirm that the investment climate will be improved next year. The measures we plan to adopt may be announced soon in the form of laws. Summing up our past experience, we find that the problems are caused by failure to catch up with detailed rules, poor understanding in implementation and insufficient supervision. Sometimes the lower level do not follow things stipulated by the government. I can promise that there will be great improvements in the next year. We will provide more preference -- you can publicize that.

[Li] There is a problem of several Thai agents importing one kind of Chinese product.

[Gu] There is such a problem. The old agent and the new ones are in competition. We have agents when the export is controlled by the central government. Now the export authority is transferred to provinces and cities, and they find new agents. So there are contradictions. There is a saying that "we do not give enough consideration to old friends."

[Li] Competition results in less profit and, therefore, more complaints. Can the reform of the system help the old and new friends?

[Gu] We cannot just have one friend. It is alright to add new friends, but they should avoid price cutting competition.

[Feng] Thai industrial and commercial circles recently set up a trade committee on promoting Thai-Chinese investment and trade. Its goal is to promote Thai-Chinese trade development. Some members have asked why Thailand has to do business with China through Hong Kong and Singapore merchants? Thai friends would like to do business directly with China even though the cost may be a little higher at first. It will be better to have direct contacts. We hope this situation can be changed.

[Gu] We hope to contact our Thai friends directly. It is not necessary to do business through Hong Kong because we do not have any problem with Thailand. We can strengthen our contacts through the Guangzhou Trade Fair.

[Feng] The problem is that we cannot buy the goods we need at the trade fair.

[Gu] There will be great changes in the next year. We still insist on the basis of equality and mutual benefit for direct contacts. I will discuss this problem with the foreign trade department. We wish to solve this problem. You do not do business, but you can convey this message to the industrial and commercial circles. They can arrange an industrial and commercial delegation for direct talks with our trade and economic departments, and trade promotion committee. The Office for Overseas Chinese Affairs will help on this issue. The problem of insufficient supply of goods is probably an old problem. [passage omitted]

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PRC INTERNATIONAL AFFAIRS
SOUTHEAST ASIA & PACIFIC

THAILAND TO ISSUE INSTANT VISAS TO PRC TOURISTS

OW060758 Beijing XINHUA in English 0749 GMT 6 Oct 86

[Text] Bangkok, October 6 (XINHUA) -- Thailand's Foreign Ministry and Immigration Department have approved in principle a plan to issue instant visas at the airport for tourists from friendly countries, including China and India, reported "THE NATION" today.

An informed source told the paper that the authorities concerned will meet again within the next two weeks to amend the regulation issued by the Interior Ministry last March.

The March regulation provides that tourists from 55 listed countries may stay in Thailand up to 15 days without entry visa. But several friendly Asian countries such as India, China, Pakistan, Bangladesh and Sri Lanka are not included.

According to the source, if the amended regulation becomes law, citizens from Asian countries absent from the original list will be allowed to stay in Thailand on a temporary basis from two to seven days. The temporary visa will allow a maximum stay of two weeks.

The call to amend the regulation came as a result of combined efforts from both government and private sectors to boost the tourist industry in Thailand.

PHILIPPINE OFFICIAL INTERVIEWED ON RELATIONS

OW090814 Beijing XINHUA in English 0655 GMT 9 Oct 86

[Text] Manila, October 9 (XINHUA) -- Philippine Deputy Foreign Minister Leticia Shahani said here today that the Sino-Philippine relations have been warm and friendly since the establishment of the Aquino government last February.

Mrs. Shahani made this remark in an exclusive interview with XINHUA in connection with Chinese Vice-Premier Tian Jiyun's forthcoming visit to the Philippines.

"Diplomatic, cultural, scientific, technical and economic relations are active" between the two countries, she said.

On international issues, she stated, "The Philippines and China both call for the withdrawal of Soviet troops in Afghanistan and of Vietnamese troops in Kampuchea."

She said China is the first country with which the Aquino government has signed an agreement -- the 1986-1987 Executive Program of the Cultural agreement. The agreement was signed in March 1986 when a government cultural delegation from the People's Republic of China visited Manila.

The deputy foreign minister said that Vice-Premier Tian's visit would offer opportunities for an exchange of views on bilateral and regional developments. The visit expressed the support of the Chinese people for President Aquino's administration, she added.

Mrs. Shahani said, "China has shown full support for the economic recovery efforts of the Aquino administration, with the offer to renew a 20 million U.S.-dollar credit line to the Philippines, to grant an additional 20 million U.S.-dollar trade facility and restructure payment of the 11.2 million U.S.-dollar credit for rice imports, and to supply 430,000 metric tons of crude oil for 1986 valued at 25.4 million U.S. dollars on a deferred-payment basis."

She added that contracts were signed in June 1986 for China's purchase of 30,000 metric tons of fertilizer worth 5 million U.S. dollars and 10,000 metric tons of copper concentrates worth 3 million U.S. dollars.

There have already been ten exchanges of cultural visits in 1986 between the two countries, and six exchanges of visits will take place in October and November 1986, she said.

Out of 17 projects under the Seventh Protocol on Scientific and Technical Cooperation, 15 projects have already been implemented, she added.

The deputy foreign minister declared that the Philippine Government pursues the "one China" policy. "This is our official policy. We have shown goodwill and understanding towards the Chinese Government's sovereignty."

She said, "The Philippines is grateful for China's constant concerns and support to developing countries for their better terms of trade, and their safeguarding of sovereignty and independence."

She said that in the Pacific region, "China is aimed at the elimination of tensions in the region. ASEAN countries and China are working together for the withdrawal of the Vietnamese troops from Kampuchea and the Soviet troops from Afghanistan."

Mrs. Shahani is a veteran Philippine diplomat, she made her first visit to China in 1983 as an assistant secretary general of the United Nations, she visited China for the second time in June this year when she joined Vice-President Laurel's official party in a trip to Beijing.

Shahani stated that the Philippine Government pursues a foreign policy of independence. "Under the Aquino administration, the Philippines will remain committed to ASEAN, and will intensify and expand solidarity with Third World countries and the non-aligned nations," she said.

She stressed that the Philippines would strengthen relations with its diplomatic partners, and continue to develop close relations with socialist countries.

TIAN JIYUN TO VISIT PHILIPPINES 18-21 Oct

OW071149 Tokyo KYODO in English 1139 GMT 7 Oct 86

[Text] Manila, Oct. 7 KYODO -- Chinese Vice Premier Tian Jiyun will visit the Philippines October 18-21 to take up bilateral and regional issues with government officials here, the Ministry of Foreign Affairs announced Tuesday.

Tian who will make the Philippines the second stop after Malaysia of a Southeast Asian tour, will lead a 14-member delegation which includes Deputy Foreign Minister Liu Shuqing. He will also visit Thailand and Singapore before returning to China.

WAR REPORTER KILLS TWO VIETNAMESE INTRUDERS

OW041918 Beijing XINHUA Domestic Service in Chinese 0711 GMT 3 Oct 86

[By reporters Zhou Guoqing and Zhang Shiying]

[Text] Yunnan Border Defense Frontline, 3 Oct (XINHUA) -- While covering battlefield news, Li Zongli, a reporter of a certain Yunnan frontier guards' units, became a combat hero himself.

On 24 September, Li Zongli came to the forward position to cover the combat zone news. That night his post was raided by a Vietnamese squad. Substituting as an on-duty fighter at his own request, Li Zongli, faced the situation fearlessly, fought back immediately and repulsed the enemy attack. After half an hour or so, the enemies returned. Li Zongli thus fought side by side with comrades-in-arms. After a 20-minute fierce fight, the enemy fled in panic, leaving a number of bodies behind. During the fight, Li Zongli killed two of the enemies. The officers and men of the front jointly asked the higher level to record his brave deeds.

Li Zongli enlisted in 1983 from Gansu's Dingxi County. As an amateur fighter correspondent, he always went to forward posts and bunkers to cover news despite the ongoing gunfire and wrote a great number of reports reflecting combat life of the frontline fighters.

HU YAOBANG MEETS AUSTRALIAN DOCTOR IN BEIJING

OW301712 Beijing XINHUA in English 1638 GMT 30 Sep 86

[Text] Beijing, September 30 (XINHUA) -- Hu Yaobang, Chinese Communist Party General Secretary, met Doctor Victor P. Chang of Australia here today. A noted surgeon of heart and thoracic surgery, Dr. Chang has been active in promoting Sino-Australian friendship, particularly in academic exchanges in the medical field.

Hu praised Chang for his efforts to help China develop heart and thoracic surgery.

Chang said he was impressed with China's rapid development in this field in recent years.

The general secretary briefed his guest on China's political and economic situations.

Chang, who has visited China many times, said he was glad to see the progress of China's modernization drive. Present on the occasion was Chinese Minister of Public Health Cui Yueli.

CHEN MUHUA MEETS SINGAPORE BANK CHAIRMAN

OW271230 Beijing XINHUA in English 1159 GMT 27 Sep 86

[Text] Beijing, September 27 (XINHUA) -- Chen Muhua, Chinese state councillor and president of the People's Bank of China, met with Lien Ying Chow, chairman of the Overseas Union Bank of Singapore, and his wife Mrs. Lien here today. The visitors arrived here yesterday to attend celebrations of the 37th founding anniversary of the People's Republic of China.

BEIJING PREPARING FOR QUEEN ELIZABETH'S VISIT

OW091238 Beijing XINHUA in English 1150 GMT 9 Oct 86

[Excerpt] Beijing, October 9 (XINHUA) -- Preparations are now underway in the Chinese capital for the state visit of Britain's Queen Elizabeth II and her husband, Prince Philip, the Duke of Edinburgh.

The visit, scheduled for October 12-18, will be the first made by a British monarch to China.

As the Queen's motorcade passes along Changan Avenue, the city's main thoroughfare, to the Diaoyutai State Guesthouse upon their arrival, the royal couple will see that the route is bedecked with colored flags, as well as the national flags of China and Britain in Tiananmen Square, the heart of the Chinese capital.

Some 1,000 young people will give the British visitors a rousing welcome at the gate of the guesthouse with traditional Chinese dances. The royal couple will stay at the No. 18 building of the guesthouse, which has been specially built for foreign dignitaries and the queen will be the first guest.

An official ceremony, to be presided over by Chinese President Li Xiannian, will be held the following day to welcome the queen with a 21-gun salute.

During the royal couple's stay in Beijing, they will meet Chinese leaders, and visit the Palace Museum, the Temple of Heaven, the Great Wall and the Ming Tombs.

The Palace Museum, also known as the Forbidden City, was the court and residence of 24 emperors of the Ming and Qing dynasties (1368-1911).

During their visit to the former Imperial Palace, the queen and her party will have a short rest at a hall where emperors of the Qing dynasty (1644-1911) used to compose poems and watch operas. They will also be shown some rare 18-century clocks and astronomical instruments made in Britain and presented to Qing emperors.

The Temple of Heaven was the place where emperors worshipped heaven and prayed for good harvests.

The royal couple will also climb the world-famous Great Wall and visit the Ming Tombs to see excavated cultural relics. [passage omitted]

To Visit Kindergarten

OW091244 Beijing in English 1154 GMT 9 Oct 86

[Text] Beijing, October 9 (XINHUA) -- The Beijing June 1 kindergarten is counting the days until Her Majesty Queen Elizabeth II's visit, October 14.

"We are honoured to receive such distinguished guests as the queen and her party. Before, only some child-care experts from Britain, Canada, Japan and the U.S.A. have visited us," said Lin Jinghua, deputy director of the kindergarten and a graduate from a nursery normal school in the 50s.

The queen will stay here for 40 minutes before going to the Great Wall and the Ming Tombs reservoir, she told XINHUA.

Located behind the famous Summer Palace, the kindergarten originated from the second nursery school in Yanan. It was founded on June 1, 1945 with the help of Zhu De and Kang Keqing, with the aim of taking care of officers' children. It moved to Beijing after liberation, Lin noted.

Through its red door, a group of white stone statues can be clearly seen, depicting children and nurses singing and dancing. Bunches of canna and cockscomb surround it and give full play of their red and yellow colour, Lin added.

When her majesty arrives, the children will meet her at the gate and present bouquets. Then she will step into a teaching building through a tree-shadowed path, where courses on music, language and art are held. Some children will present their own paintings and clay animals to the queen, Lin said.

The queen will also watch an outdoor song and dance performance. One of the items, Lin added, is a traditional British nursery rhyme "The Children of a Far Distant Land."

The kindergarten is one of the many child-care centers in China. Of the 3,000 kindergartens in Beijing, it is the largest, having 8,000-plus square kilometres. Most of the 108 nurses here have received standard child-care training, Lin said.

Mary Taylor, educational consultant for the United Nations Children's Fund in China, told XINHUA, "It is the best among the 200-plus kindergartens I have visited in China."

It is now open to the whole society and enrolls 3.5-5.5 year old children, totaling 450. In the morning, they take courses in language, common knowledge, arithmetic, music and art, and later in the day, have out-door physical training after a nap. The nurses, Lin said, usually have a walk with the children and help them with lessons after supper.

FIRST PRC ARMY BOOK EXHIBITION IN FRANKFURT

OW041653 Beijing XINHUA in English 1653 GMT 4 Oct 86

[Text] Beijing, October 4 (XINHUA) -- More than 50 types of Chinese military books on show at an international book fair in Frankfurt, Federal Germany, are proving "hot items of interest", XINHUA was told today.

This is the first time that a Chinese Army publishing house is displaying publications abroad.

One attraction is a picture album depicting the Long March, a strategic movement in the 30s of the Chinese worker and peasant Red Army, which reached the revolutionary base in northern Shaanxi after traversing eleven provinces and 12,500 kilometers.

Published by the publishing house of the Chinese People's Liberation Army (P.L.A.), the album has been ordered by "many" publishers, according to a spokesman for the publishing house.

Other books include "China's Military History," "Marshals and Generals of the Chinese People's Liberation Army" and "China's Ancient Military Strategy and Tactics."

Publishers from Britain, Hong Kong, Japan and the United States are negotiating with the P.L.A. publishing house, which has published books and periodicals of 14,000 titles since its founding in 1948.

EC IMPOSES TARIFFS ON PRC WATCHES ABOVE QUOTA

OW070752 Beijing XINHUA in English 0749 GMT 7 Oct 86

[Text] Brussels, October 6 (XINHUA) -- The European Commission has decided to reimpose the EEC's common customs tariff on China's quartz watches, as China has exceeded its duty-free ceiling of 8,213,000 European currency unit (ECU) under the 1986 generalised system of preference (GSP).

China's clocks will also be subject to the same treatment between now and the end of the year, as the 2,628,000 ECU ceiling for these products has also been breached. ECU is the same as U.S. dollar in rate.

Meanwhile, Hong Kong has exceeded its duty-free limit for watch movements, with the result that the full community tariff became applicable from September 30.

PRC, FRG COOPERATE IN RENEWABLE ENERGY VILLAGE

OW081812 Beijing XINHUA in English 1640 GMT 8 Oct 86

[Text] Beijing, October 8 (XINHUA) -- A village has been built to use alternative forms of energy for cooking, heating and electricity generation on the outskirts of Beijing.

As a cooperative project between China and the Federal Republic of Germany, the 650-resident village of Yihezhuang was named "Xinnengyuan" (renewable energy) village at a ceremony today.

Through five years' construction, most of the households have now used solar energy to heat water for bathing during the summer months. And half of them maintain an average temperature of 12 degrees centigrade in winter through the use of solar power.

Photo-electric devices power the village's broadcasting, telephone and radio communications equipment and running water, fish pond and irrigation pumps. For cooking, local residents can use methane or biogas derived from 114 small solid waste pits. Methane from a bigger pit with a volume of 30 cubic meters is used to drive a 12-kw power generator.

At the ceremony, Zhu Lilan, Chinese vice-minister of the State Science and Technology Commission, said the village is evidence that renewable energy can satisfy the needs of the rural areas.

The United Nations University plans to build the village into a center to train middle-ranking technicians from Third World countries, according to an official at the Beijing Science and Technology Commission. He revealed that China and Federal Germany are also cooperating in erecting two solar TV towers in Pinggu County on the outskirts of Beijing and installing two wind-power generators in Changping.

SENIOR BULGARIAN OFFICIAL TO VISIT CHINA

HK081102 Hong Kong AFP in English 1053 GMT 8 Oct 86

[Text] Beijing, Oct 8 (AFP) -- Bulgarian First Deputy Premier Andrey Lukanov will pay an official visit to China later this month, a Chinese Foreign Ministry spokesman announced Wednesday.

Mr Lukanov will be the highest-ranking Bulgarian official to visit China in 25 years.

Foreign Ministry Spokesman Ma Yuzhen said Mr Lukanov would be the guest of Vice Premier Li Peng, who visited Bulgaria in December. An informed Bulgarian source here said Mr Lukanov would stay in China for a week.

Mr Lukanov's visit will follow last week's trip by Polish leader General Wojciech Jaruzelski. China and Poland restored party-to-party ties during the Polish leader's visit.

Fang Guoying, responsible for Chinese Communist Party relations with Eastern Bloc countries, told foreign reporters last week that the Chinese and Bulgarian Communist Parties both wanted to step up contacts and develop their relations.

Bulgaria and other Eastern Bloc nations signed long-term trade agreements with China last year.

CPC ON PARTY RELATIONS WITH USSR, E. EUROPE

HK040758 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1716 GMT 3 Oct 86

[Report: "CPC International Liaison Department Officials on CPC Relations With CPSU and East European Communist Parties"]

[Text] Beijing, 3 Oct (ZHONGGUO XINWEN SHE) -- If the three major obstacles between China and the Soviet Union are not removed, it is impractical to discuss the resumption of relations between the two parties.

Officials of the International Liaison Department of the CPC Central Committee, which is responsible for the party's foreign relations, made this remark in reply to a reporter's question at noon today.

Wu Xingtang, a press spokesman for the International Liaison Department of the CPC Central Committee, and Huan Guoying, who is in charge of Soviet and European affairs, answered in detail the reporters' questions on relations between the CPC and the CPSU, as well as the Communist Parties of the East European countries.

A reporter asked: Since China can resume party relations with the East European countries which support Soviet viewpoints, why cannot it resume party relations with the Soviet Union?

Huan Guoying answered: In our view, the existence of differing views on some issues should not affect the development of our relations with other parties. On the question of Vietnamese invasion of Cambodia, the difference between us and the Soviet Union is not a matter of differing views.

By supporting Vietnam in invading Cambodia the Soviet Union has posed a threat to China's security. In our view, Poland's support for the Soviet act is a matter of viewpoint.

A reporter asked: At what stage is the current relations between the CPC and the Communist Parties of Hungary, Czechoslovakia, and Bulgaria?

Wu Xingtang said: Istvan Oszi, deputy director of the International Relations Department of the Hungarian Socialist Workers Party, visited China in the last 10 days of September. Both sides held that there is a basis for developing the relations between the two parties to a higher stage. Michal Stefanak, director of the International Affairs Department of the Communist Party of Czechoslovakia, recently, Bulgarian Communist Party leader Todor Zhivkov met with Jiangsu provincial Governor GU Xiulian, textile industry Minister Wu Wenying, and NPC Standing committee Vice Chairman Liao Hansheng.

Wu Xingtang stressed: There is not a fundamental conflict of interests between China and Eastern Europe. China is ready to develop party relations with them on the basis of safeguarding world peace and developing economic cooperation. In developing and resuming party relations with other countries. China abides by the principle of independence, complete equality, mutual respect, and noninterference in each other's internal affairs, and respects their domestic and foreign policies and their approach and moves to develop relations with China.

In reply to a question "Whether in the future Chinese leaders will first visit Eastern Europe and not East European leaders visiting China first," Huan Guoying said: It was the Communist Parties of Poland and Democratic Germany that were the first to suggest their leaders' visit to China and we agreed. It should be explained that in such contacts, the question of which party leader goes to which country first is not a major one.

The two officials indicates that in resuming relations with the East European Communist Parties, we have so far adopted the forms of either issuing or not issuing a communique. Our specific contacts include exchanges of high-level delegations, inspection teams, newscasters [bao gao yuan 1032 0707 0765], and vacation groups.

COMMENTARY VIEWS CPC TIES WITH E. EUROPE PARTIES

OW081002 Beijing in English to North America 0000 GMT 8 Oct 86

[(Qin Yan) commentary]

[Text] Relations between the Chinese Communist Party and those in Poland, Democratic Germany, Hungary, Bulgaria, and Czechoslovakia seem to be warming for the first time in years. China has already cooperated with these countries in science, technology, culture, education, and exchanges of personnel. No fundamental conflicts of interests exist between these five countries and China.

Chinese Communists began restoring relations with parties in other countries in 1977 and are continuing this process with flexibility and in diversified forms. General Jaruzelski's visit to China was the first by a top Polish leader in more than 20 years, and it achieved satisfactory results. Both sides have expressed the hope that cooperation will develop in the future. The deputy director of Hungary's International Relations Bureau also recently visited China, and the two sides agreed the time is right for a higher level of contact.

Exchanges of visits with Bulgaria and Czechoslovakia likewise have helped promote China's relations with their Communist Parties.

One senior Chinese official explained that the renewal of relations with some East European parties may be accompanied by joint public statements. Relations with others may be allowed to take their natural course as they recover from years of suspension. This long period of limbo makes it natural that some parties may want to wait for a while until they have gained a better understanding of China. The Chinese Party respects their opinion and there is no hurry.

An important point is that while the five Eastern European countries take the same stand on the Kampuchean issue as the Soviet Union, they are not supplying the Vietnamese occupation forces with vast amounts of military aid. This makes China's difference with them on this issue one of viewpoints as opposed to a matter of national and regional security.

POLISH COMMUNIQUE STRESSES RELATIONS WITH ASIA

OW090848 Beijing XINHUA in English 0848 GMT 9 Oct 86

[Text] Warsaw, October 8 (XINHUA) -- The Polish ruling party today spoke highly of Polish leader Wojciech Jaruzelski's recent visits to Mongolia, Democratic People's Republic of Korea and China.

The Politburo of the Polish United Workers' Party said in the communique that Jaruzelski's visit last month greatly promoted Poland's cooperations with socialist countries in Asia.

The communique pointed out in particular that Jaruzelski's visit to China, the first Polish leader to visit the country in 27 years, indicates a smooth bilateral relations in recent years. [as received]

TIAN JIYUN MEETS DELEGATION FROM HUNGARY

OW071224 Beijing XINHUA in English 1218 GMT 7 Oct 86

[Text] Beijing, October 7 (XINHUA) -- Vice-Premier Tian Jiyun met here today a delegation from Budapest, Hungary, led by Mayor Zoltan Szepevolgyi.

The vice-premier told his guests, "We would very much like to share experience in urban construction and management with you."

Szepevolgyi expressed the hope for experience exchange in terms of urban communications, housing, and environmental protection.

Present was Chen Xitong, mayor of Beijing.

The visitors arrived last Tuesday at the invitation of the Beijing municipal government.

I. 10 Oct 86

C H I N A
PRC NATIONAL AFFAIRS

K 1

CHENG MING ON QIAO SHI AS POSSIBLE CPC SECRETARY

HK081246 Hong Kong CHENG MING in Chinese No 108, 1 Oct 86 pp 6-8

["Notes on the Northern Journey (1)" by Lo Ping (5012 0393): "Sudden Rise of Calls for Qiao Shi To Become General Secretary"]

[Text] Last July and August, newspapers in Beijing and Shanghai one after another published articles to criticize the concept and practice concerning the third echelon. XINXI RIBAO [INFORMATION DAILY] listed eight points wrong in the practice of "inside deciding on the echelon by the higher level." SHIJIE JINGJI DAOBAO also published an article pointing out that in its nature this practice runs counter to democracy. At that time, some people in Beijing thought that these articles were indeed quite bold. Last summer, Yu Haocheng gave a speech in which he raised doubt about the practice related to the "third echelon" and was therefore punished and dismissed from his post as director and Chief Editor of the Mass Publishing House. The articles that oppose the practice of "inside deciding on the echelon by the higher level" have gone deeper than Yu Haocheng's criticism. Are those who wrote the articles too bold?

Those who are insiders do not think so. For they know that one month ago, the Standing Committee of the Political Bureau of the CPC Central Committee decided that there had to be no more practice of forming and choosing members of the third echelon.

This means that the free airing of views on the issue of the third echelon by our theoretical circles was merely to provide an explanation on the views of the top-level officials in the CPC. Those who surpassed Yu Haocheng in doing so first were not theorists but those in the Political Bureau.

Reasons for Finishing Games Related to the Third Echelon [subhead]

There are several reasons why the CPC top level officials decided to give up the practice of "inside deciding on the echelon."

First, this method of choosing cadres lowers the quality of cadre ranks. On the one hand, as those who choose the cadres may not fully know information related to the candidates they choose, some people who do not have real talent and competence and lack sufficient work experience, have been rashly chosen into the third echelon. On the other hand, this provides a loophole to be exploited by those who currently favor with the powerful and are good at securing their personal gains. As a result, quite a few of our cadres have risen quickly as Wang Hongwen, Zhang Tiesheng, and Sun Yuguo did and this has yielded some evil consequences in the leading groups at various levels and in various units and departments.

Second, it is a feudal patriarchal practice that helps veteran cadres who will soon retire, who have power and who are selfish, to make preparations for the political careers of their children. Therefore, there are often strange practices of cadres promoting each other's children by several grades at once, a practice particularly in vogue among the troops. This practice entirely runs against the surge of the sense of democracy in the community in the past few years; therefore, it has aggravated the tension in the relations between the party and masses and between officials and people.

Third, this practice has also caused the CPC's work style to continue to deteriorate, made it impossible to improve administrative efficiency, aggravated the overstaffing in official organs (the number of official cadres in the country has risen to 25 million) and constituted a major obstacle to the economic reform.

Fourth, through the practice of "inside deciding on the echelon," the reform and conservative factions have respectively assigned those they trust to important posts and thus expanded the force of their own factions. They should have finished doing so by now. If they continue to do so now, they would both suffer. This is particularly true for the conservative faction. For at present the reform faction, in particular, the CYL section (those of the faction who were formerly CYL cadres), has grown to an enormous size and controls many important political posts. If the practice of forming echelons were to continue there would be an increasingly unfavorable imbalance of strength for the conservative faction. That is why the conservative faction is by no means willing to maintain the practice of "inside deciding on the echelon" unchanged.

Some people thought that Deng Xiaoping and Hu Yaobang invented the measure to promote cadres by forming echelons, but insiders know that the conservative faction headed by Chen Yun also vigorously proposed and supported this measure. Last September, Chen Yun gave a speech at the National Conference of Party Delegates, stressing, "Maintaining an echelon structure of our cadre ranks can ensure that there are always successors to carry on our party's cause. We have scored achievements in doing that and in the future we should continue to do so." However, after less than a year, he changed his former view and switched to opposing this practice. In the meeting of the Standing Committee of the CPC Central Committee Political Bureau he was also for the abolition of the echelon structure.

A Provincial Committee Secretary Who Risks his Career for a Gold Watch [subhead]

There has been a recent incident which proves that the method of selecting and promoting cadres as Bo Le did in selecting horses, is a foolish method.

Recently, Huang Huang, secretary of the Anhui Provincial CPC Committee, has been dismissed and examined for taking a bribe of a gold watch. Before the Cultural Revolution, this Huang Huang was merely a section chief in government office. Why was he promoted, to quickly, immediately to the post of the secretary of the Anhui Provincial Committee and admitted into the CPC Central Committee last year? It turned out that at the time when the candidate for the head of the leading group of the Anhui Provincial Committee was being chosen, people differed in their opinion and would not give way. At that time, Hu Yaobang said, "There is a man from Anhui here." "Here" meant the Central Party School in Beijing. At that time, Huang Huang was receiving training there. Sources said that merely because of these words of Hu's (other sources said that Hu Yaobang even mentioned Huang Huang's name) a cadre like Huang Huang who had neither seniority nor competence rose quickly to high position. When Huang Huang gave a speech on the reform achievements in Anhui Province at a provincial meeting, he elaborated on how many Japanese cars the province had imported. This showed what competence he had. This guy told his chief secretary to do something illegal in the economic sphere for a Hong Kong businessman merely for a gold watch. It showed that the practice of "inside deciding on the echelon" in the manner in which "Bo Le chose horses," is very apt to allow people of poor virtue and competence to get leading posts at various levels.

The Standing Committee of the Political Bureau of the CPC Central Committee Once More Examined and Discussed the Candidate To Succeed the General Secretary [subhead]

After the top level officials in the CPC decided to abolish the practice of inside decision on the members of echelons, at the session at Beidaihe, major issues concerning personnel affairs now and in the future were discussed.

We have reported on the problem related to finding Premier Zhao Ziyang's successor and said that had not yet been decided. For it is not easy to find the right candidate. Therefore, there is fairly great possibility that Zhao will work for another term of office.

Recently, from the top level has come fairly surprising news that the Standing Committee of the Political Bureau has also discussed once more the issue related to a candidate to succeed General Secretary Hu Yaobang.

It has long been decided that Hu Qili, a member of the Political Bureau and the Secretariat, is to succeed to Hu Yaobang. In the Secretariat headed by Hu Yaobang, Hu Qili ranks second only to Hu Yaobang and is permanent secretary. Therefore, it has already been decided that Hu Qili is to succeed Hu Yaobang. Now the issue about the successor to the post of the general secretary is being raised again. It is said that some people hold that Hu Qili does not have adequate work experience for the job and it seems too hasty to have Hu Qili succeed Hu Yaobang next year at the 13th CPC National Congress. This has caused the Standing Committee of the Political Bureau to discuss the issue again.

Hu Qili -- A Person Who Has Roused Quite a Lot of Controversy [subhead]

Hu Qili is a very controversial person. He gives people a direct impression of openness. People still remember that at the Congress of the Writers' Association at the end of the last year, he announced the granting to writers of "freedom of literature creation." Last April, he time and again emphasized the "necessity to have a relaxed and harmonized atmosphere." Hu Qili was also one of those who supported Wang Meng, a person whom people in literature and art circles in Beijing thought to be the right candidate, behind the scenes and urged him to take up the post of Minister of Culture. It is also he who supported Liu Zaifu so that Liu Zaifu adhered to his views in the "Liu Zaifu Incident" and safeguarded his views. It was Hu Qili who encouraged Liu Xinwu and made him willing to take up the post of deputy chief editor of RENMIN WENXUE (PEOPLE'S LITERATURE) in spite of it being a difficult job. What was more significant was that when Liu Xinwu was interviewed by a Hong Kong journal, he upheld the stand of humanism and spoke boldly on some sensitive issues. After Liu Xinwu returned to Beijing, Hu Qili publicly said to Liu Xinwu at a get-together that he had read what Liu said on Liu's attitude in an interview with a Hong Kong journal and he agreed with his views. At that time, Hu Qili's words to some extent "surprised everyone present." At the coming symposium on the division of periods would be put forth. According to the previous methods of division, the period from the Opium War to the May 4 Movement was modern, that from the May 4 Movement to 1949 was contemporary, and that from 1949 to now is the current period. This is not decided by the law that governs literature itself, but by the changes in political situation. Hu Qili also agrees with these academic views. From the above facts, it seems to us that Hu Qili is a vanguard of the reform faction and has given a fairly good image.

Deng Liqun's Intention To Utilize Hu Qili of "Their Side" [subhead]

What kind of person Hu Qili really is will become clear after some observation. Of course, we hope that Hu Qili is a real member of the open faction and a vanguard of the open faction. If he has not eliminated his "leftism," he had better make up his mind to break with it as if it was opium.

Among people close to Deng Liqun, the following "secret" words of his are "well-known" to them: "Now we should utilize those who are organizationally on their side, but who hold the same views as us." By "on their side," he meant the cadres who were formerly members of the CYL Central Committee (the so-called "CYL faction"). A person who was once close to Deng Liqun thinks that Deng Liqun and Hu Qiaomu once wanted Hu Qili of "their side" to work for the conservatives (it is not necessary for Hu Qili to join them organizationally nor to have special friendship with them), but it seems they have not attained that aim. That is why there was suggestion in the meeting of the Standing Committee of the Political Bureau on discussing a candidate for future general secretary once more.

Qiao Shi -- A Man Who Has More Experience in Party Work Than Hu Qili [subhead]

Reliable internal sources say that among the top-level officials in the CPC, some people have put forth the view that Qiao Shi is more suitable than Hu Qili to succeed Hu Yaobang.

Qiao Shi is a man trusted by Deng and Hu, who not only hold great hopes for him but also assigned him to important posts --

In 1981, Qiao Shi was Director of the International Liaison Department of the CPC Central Committee and in 1983, he was director of its General Office.

Before the National Conference of Party Delegates in September last year, Qiao Shi was an alternate member of the Secretariat and the Director of the Organization Department of the CPC Central Committee. Through the conference, Qiao Shi was promoted and has become a member of the Political Bureau (the post of the director of the Organization Department was handed over to Wei Jianxing, who was formerly a deputy director) and the Secretariat of the CPC Central Committee.

The CPC Central Committee has also set up a half-public commission on political science and law, which holds a higher position than other departments. Qiao Shi is the secretary of this important public security, procuratorial, and legal organ.

In order to restrict Chen Yun's Central Commission for Discipline Inspection, Deng and Hu have set up the Leading Group for Party rectification in the organs of the CPC Central Committee, of which Qiao Shi is the head.

Through the Fourth Session of the Sixth NPC, Qiao Shi has been appointed a vice premier of the State Council. This was because some people held that it was inappropriate for Vice Premiers Tian Jiyun and Li Peng to succeed Zhao Ziyang so quickly; therefore, Qiao Shi is being trained as a candidate to take the post of premier (this has not been decided on by the meeting of the Standing Committee of the Political Bureau, but it is possible for Qiao Shi to give up his governmental post and focus on the party job).

Have the Conservatives Any New Intention? [subhead]

Ever since 1941, Qiao Shi has been doing party work and the scope of his work has covered international, organizational, political, legal and united front affairs. In terms of the extensive nature of his work experience, Hu Qili is no rival to him. Qiao Shi is 5 years older than Hu Qili, being 62 years old this year, but this is no problem.

A friend who has some contacts with Qiao Shi told me that Qiao was shrewd and deep and serious in speech and manner, and seems to be somewhat slick and sly. I believe that he will be more sedate in doing the work than Hu Yaobang.

So far, the Standing Committee of the Political Bureau has only a "first draft" about a series of major personnel issues to be resolved at the 13th CPC National Congress next year and has made no definite decision on them. However, sources have most recently said that Qiao Shi's name has already been included in the list of candidates for the post of general secretary together with Hu Qili and that one of them is to be selected as general secretary. However, at the top level in the Standing Committee of the Political Bureau of the CPC Central Committee, the call for Qiao Shi to become General Secretary is rising day by day. At least he is not less likely than Hu Qili to take the post.

Do the conservatives have some illusion about Qiao Shi and regard him as "one on their side" that they can utilize?

LIAOWANG PROMOTES AN OPEN CULTURAL APPROACH

HK090737 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 40, 6 Oct 86 p 12

[Article by Yan Jiaqi (0917 1367 0366): "To Develop, China Must Adopt an Overall Approach of Cultural Opening Up")

[Text] A nation is like a person, who has his views regarding other countries and people as well as his own country and himself. The "concept of the self" is precisely the view concerning oneself. In China's traditional culture, China looked upon itself as the center of the world, and the state in the central position. We would say that this concept has been shaken since the 1840 Opium War, but, in fact, it has not disappeared. Things are different in the West. Ancient Greece consisted of many city-states, and every city-state regarded itself as an ordinary member of the international society. This ancient Greek concept of international relations had a profound influence in Europe and even the entire Western world. The Opium War brought about changes in China's concept of the self: It acknowledged that it was not the center of the world, and that Western science and technology was more advanced; thus it began to pursue the Westernization movement, and the import of advanced foreign technologies. However, traditional Chinese culture did its utmost to resist the spread of foreign culture. The slogan "base oneself on Chinese learning, make foreign culture serve China" was a basic one to resist alien culture under the condition of acknowledging China's backwardness in culture. Although China no longer considered itself the center of the world, it insisted that China was the center of world culture, with the exception of science and technology, and that Chinese culture was superior to Western culture. When Marxism began to spread in China in the 20th century, it gradually assumed Chinese characteristics. Prior to, and in the course of the Great Cultural Revolution, the so-called refutation of modern revisionism was inseparable from China's traditional concept that it was the center of the world. Take, for instance, the refusal to acknowledge that China was an ordinary member of the world, and the belief that China had the most revolutionary ideas in the world. [paragraph continues]

We can say that the change in China's concept of itself has undergone three phases: in the first phase, China regarded itself as the center of the world, the relationship between China and other countries was one of inequality, and it was not an ordinary member of international society. After the Opium War, this concept was shaken, but China continued to insist on its being the center of world culture, and the basic idea was "base oneself on Chinese learning, and make foreign culture serve China." Since the founding of the PRC, China has actually continued to insist on its being the center of world ideology, and proposed such slogans as "Chinese theory is the pinnacle of Marxism," and "China's ideology is the one for world revolution." At present, we still see this slogan: "Safeguard the purity of Marxism," which is in reality a reflection of the foregoing slogans. At present, China is facing a very important turning point. I believe that to develop, China must adopt an overall approach of cultural opening up.

Marxism did not originate in China, but was introduced to China from foreign countries. It assumed Chinese characteristics only after following a tortuous path. Since the introduction of Marxism to China, it has gained an irrefutable role in guiding the Chinese revolution, and the successes of the Chinese revolution were accomplished under the guidance of Marxism. With the dominance of Marxism in China, China's traditional culture has stubbornly penetrated Marxism. For example, in an oversimplified way, such very important ideas in China's feudal culture as sizing up the situation of the masses, listening to the voice of the people, being pleased to accept criticism and good at employing cadres have been looked upon as Marxist democracy; such ideology of small-scale peasant economy as egalitarianism has been regarded as Marxist equality; and all such illegal feudal concepts and methods as going in for political campaigns and attacking and persecuting people have been regarded as "all-round dictatorship over bourgeoisie." Therefore, the Marxism we refer to today has a lot of things which have nothing in common with the scientific spirit of Marxism. Science has this basic characteristic -- when a theory fails to explain new problems merging in the realities of life, science will always revise the theory. However, our Marxism of life, science will always revise the theory. However, our Marxism has become a particular closed ideological system. During the "Cultural Revolution," the erroneous theory of Mao Zedong on "continuous revolution" was regarded as Marxism. Therefore, I believe, if we say the slogan "base oneself on Chinese learning, make foreign culture serve China" is a theory for resisting foreign culture in modern history of China, then we can say the theory that Chinese ideology is the summit of Marxism, developed in the course of the "Cultural Revolution," was a theory for resisting alien culture prior to, and in the course of, the "Cultural Revolution. Today, a new form is adopted: Under the slogan of "safeguarding the purity of Marxism," some people defend all kinds of Chinese feudal culture as Marxism, while rejecting all excellent cultural products of mankind as non-Marxist. We can say, "safeguarding the purity of Marxism" is just another version of "base oneself on Chinese learning, make foreign learning serve China" in contemporary China.

Marxism is a branch of science. As it is a branch of science, certainly it cannot be inclusive of all sciences. Many ideas in mathematics, chemistry, physics, politics, economics, and sociology in the world are scientific, and component parts of the spiritual civilization of mankind. It is not scientific to say that with the exception of Marxism, all those ideas have no value, and do not belong to science; and that all we have to do is copy Marxist works. The idea of expecting human beings to create a branch of science which is omnipotent in solving all the problems in the world is itself nonscientific.

In the course of opening up in an all-round way, we should acknowledge that Marxism is the science guiding our socialist modernization and reform today; however, there are other theories, doctrines, and ideas of other branches of science. All scientific theories, doctrines, and ideas are needed in our modernization. [paragraph continues]

An overall approach of cultural opening up means breaking through those boundaries stipulated by the slogans of "base oneself on Chinese learning, make foreign learning serve China," and "safeguarding the purity of Marxism," and importing, digesting, and absorbing the excellent cultural results of all mankind, including the theories, ideas, and doctrines of all natural sciences and social sciences.

The active results brought about by all-round cultural opening up will be the promotion of the economic and political structural reforms. Today, China is carrying out political structural reform; this means abandoning the political theory of feudalism in our political and cultural concepts. Aristotle said we should not expect too much of human nature; therefore, rules and regulations are needed to restrict people. Deng Xiaoping said: "Sound rules and regulations will prevent bad people's arbitrary actions; while unsound rules and regulations will prevent good people from doing good things fully, and they will even become negative." This concept of Deng Xiaoping's is actually a basic change in China's traditional politics and culture. The political structural reform means digesting and absorbing the things of the world that are useful to us. Through the efforts of a few years, a decade and more, or even several decades, will reform the overcentralized political structure in a planned way and step by step under the leadership of the CPC.

When in the year 2000, we look back at the discussion centered around cultural opening up in the 1980's, we will certainly see that without an overall cultural opening up, the success of China's political and economic structural reform is out of the question, and neither will China's socialist modernization be possible.

RENMIN RIBAO SUPPORTS FINANCE INSPECTION

HK090915 Beijing RENMIN RIBAO in Chinese 6 Oct 86 p 1

[Commentator's Article: "General Inspection Must Be Carried Out Persistently"]

[Text] The 1986 general inspection on taxation, financial affairs, and prices will soon take place throughout the country. This is a major measure to help strengthen financial discipline and the legal system. Unifying people's ideology and improving their understanding is the key to making a success of this general inspection. In particular, it is necessary to provide a correct answer to the assessment of the general inspection last year.

Some comrades are of the opinion that last year's inspection was so excessively strict that it bound enterprises hand and foot and impacted on their further invigoration. Others say that a general inspection affects work and production in basic-level units, as these units have too much to attend to. What is the real situation? Facts have proved that great achievements were scored in the general inspection last year. 1) Tax evasion and other cases of violating law and discipline were uncovered, and a considerable amount of state revenues which had been illegally seized by some enterprises were recovered, thereby producing a positive impact on balancing last year's revenues and promoting economic reform. 2) Unhealthy practices in the economic field were initially straightened out and a number of economic criminal cases were handled, thus improving enterprises' financial system. 3) A large number of cadres and the masses received profound education in observing law, carrying out policies, and taking the overall situation into account. These achievements, obvious to all, should be fully confirmed. Of course, there were also shortcomings in the general inspection last year, which were characterized mainly by the tendency to be excessively strict or lenient. For example, some localities, ignoring the relevant policies and regulations, collected the money which should not have been collected; problems which should have been examined were not examined; and revenues which should have been handed over to the state were not.

All these should be put right. We should be able to differentiate between the major and minor aspects of a problem and should not mistake the part for the whole. We should be good at summing up our experiences, at adding to our achievements, and at overcoming our bad points. In this way, we will do a better job in the general inspection this year.

Unhealthy practices and violations of law and discipline in the economic field cannot be solved in one or two inspection campaigns. As new and old systems are in a state of flux and the legal system has yet to be established and perfected, some enterprises and units have disregarded state law and regulation and deliberately infringed on the interests of the state and the people. If this is not promptly corrected, it will continue to harm economic reform and the four modernizations drive. Therefore, as required by the development of the situation, it is necessary to make a general inspection of taxation, financial affairs, and prices. General inspections will be replaced by regular supervision and examination when the legal system has been established and perfected, people have a strong sense of discipline and can take the overall situation into account, and serious cases of violating law and discipline in the economic field have been resolved.

A general inspection on taxation, financial affairs, and prices fundamentally accords with strengthening financial and economic discipline as well as with reforms, opening up to the world, and enlivening the economy. The state has formulated quite a number of policies, principles, and regulations beneficial to developing production and invigorating the economy. They are the legal bases for correctly handling the relationships of interests between the state, the enterprise, and the individual, as well as effective weapons for guiding reform work. Enterprises should make every effort to increase their economic results and improve the welfare of their staff and workers through reforms. However, they should do so by observing state policies, laws, and decrees as well as economic regulations. Deliberate violators should be resolutely exposed and seriously dealt with. Practice over the past few years suggests the supervision and inspection should be strengthened in the course of opening up to the world. This is an indispensable condition for ensuring the successful implementation of state policies, laws, and decrees. Ideas which maintain that one can do as he likes in disregard of law in the course of opening up to the world and invigorating the economy run counter to the purpose of reforms.

RENMIN RIBAO COMMENTATOR ON MARKET, RELAXATION

HK080935 Beijing RENMIN RIBAO in Chinese 4 Oct 86 p 2

[Commentator's article: "The Market Is Not Necessarily 'Activated' Once the Restrictions are Relaxed"]

[Text] The relaxation of prices for agricultural and sideline produce has powerfully promoted the development of the urban economies and the rural prosperity of the market. However, with the disharmony between production and marketing have emerged in many localities. For example, a "wool war" emerged once relaxation of wool prices was implemented, and restrictions on grain were imposed once relaxation of grain prices were implemented. How did those problems come about? How should we deal with them? The investigation of Hunan's imposing restrictions on hogs carried in this paper today shows that economic development in the rural areas is facing a new task of organizing and building the market.

Organizing and building the market means building up a new set of operative order of the socialist market while reforming the old order of planned economy. This is very arduous as well as complicated work. With the gradual relaxation of prices for agricultural and sideline produce, the realm of market regulation has gradually expanded. [paragraph continues]

The facts in various localities have told us that relaxation of the market and prices does not mean establishment of the market mechanism. China's commodity economy was long interrupted, and market exchange is still extremely underdeveloped. Now, with the conversion from a semi-self-sufficient economy to commodity economy in the rural areas, it is necessary to set up a market order suitable for the development of commodity economy. For example, with the implementation of a multi-channel operation, how should we draw up regulations for the market? Under the new condition that the original distribution structure has been broken, how should we harmonize the relations between one department and another, one locality and another, one section of people and another, between the state and the collective, and between the state and the individual? With the gradual reduction of mandatory plans, how should such economic levers as prices, taxes, and profits become harmonious and play their roles? All this awaits our in-depth study and solution. Only when we earnestly solve this series of questions in the course of relaxing restrictions, by achieving simultaneous breaking up the old and setting up the new and simultaneous transformation and cultivation, will it be possible eventually to reduce all kinds of friction and gradually to set up a new structure of market economy which is simultaneously harmonized and orderly.

Some comrades believe that market regulation means relying solely on the function of the law of value; the economy will be "activated once price restrictions are relaxed," and the market will naturally come into being. This is an oversimplified idea. Market economy is by no means an economy needless of regulation and organization. Even under capitalist conditions, the market is inseparable from certain regulation. Of course, when we say organizing the market, by no means can we arbitrarily intervene in the market. What we mean is that a good market environment will come into shape through our organizational work. The precondition for doing a good job of such organizational work is to suit the law governing the market. Therefore, we must understand the market and have control over and acquire genuine understanding of the market. At present, many comrades have very little knowledge about the market and failed to follow the new situation of the development of commodity economy. We should first change this situation.

ENTERPRISES SET UP LEGAL CONSULTATIVE OFFICES

OW071525 Beijing XINHUA in English 1441 GMT 7 Oct 86

[Text] Beijing, October 7 (XINHUA) -- Nearly 40,000 Chinese enterprises have set up legal consultative offices, with lawyers as their legal advisers, an official of the Ministry of Justice told XINHUA today. Also, more than 4,000 other large or medium-sized businesses have established similar offices made up of their own personnel.

Enterprises's external relations have become complicated with the development of the commodity economy, which calls for legal regulation. According to the Ministry of Justice, the state has enacted more than 300 economic laws and degrees such as the economic contract law and the patent law.

The legal consultative office offers legal service to the director of a factory. It takes part in the decision-making and management of a factory, and plays an important role in a factory's major external economic, technical and trade negotiations, as well as in the management of key economic and technical contracts.

The Shanghai No. 5 Steel and Iron Works, with a workforce of over 10,000, once faced a default of five million yuan by its partners. However, this has been changed with the presence of the legal consultative office.

From 1984 to June this year, the factory has never had a dispute with its partners over any of their 120,000 contracts, valued at 3,300 million yuan, because of its own mistakes. Since 1983, the legal consultative office has settled 79 default cases through legal actions or other channels, recovering a total of five million yuan in default.

LABOR MINISTER EXPLAINS LABOR CONTRACT SYSTEM

HK081441 Beijing RENMIN RIBAO in Chinese 5 Oct 86 p 2

[Report: "Minister of Labor and Personnel Interviewed on the Labor Contract System"]

[Text] Some people are apprehensive that implementation of the labor contract system will injure the interests of the workers. For this reason, this reporter interviewed Zhao Dongwan, minister of labor and personnel. He answered questions raised by the reporter.

[Reporter] What are the differences between workers under the labor contract system and permanent workers?

[Zhao Dongwan] Workers under the labor contract system and permanent workers are all regular workers employed according to the state's labor and wage plan, but the two systems are different.

Permanent workers are recruited and assigned by means of administrative measures. They have permanent labor relations with the state and enterprises throughout their lives. But workers under the labor contract system establish their relations with the employment units through the form of labor contracts. They can choose proper jobs for themselves under certain conditions. They enjoy the same rights as permanent workers in the same enterprises, and generally receive the same pay and enjoy the same treatment in other aspects, including insurance and material benefits, as permanent workers working on the same post or doing the same jobs. The difference is that insurance and other benefits for the workers under the contract system are provided in the form of subsidiary wage based on their work. This is a kind of reform.

[Reporter] Will jobs remain secure after practicing the labor contract system?

[Zhao] After practicing the labor contract system, jobs will remain secure for most workers. even for workers on short-term contracts, provided they work and study hard and observe discipline, their contracts will certainly be extended. Of course, the phenomenon that a small number of workers must wait for jobs for the time being still cannot be avoided. They can seek employment through various channels such as those introduced by labor departments, organized on the basis of volunteerism, and self-employed, with the assistance and guidance of labor service companies. Thus, the time of waiting for jobs can be shortened.

[Reporter] Why is it necessary to abolish the system of "replacement by the employees' sons and daughters" and the method of "recruiting the employees' sons and daughters?"

[Zhao] These were temporary measures adopted some years ago when there was great pressure of unemployment in towns and cities. [paragraph continues]

They played some positive role in solving the problem of unemployment. But they also resulted in lower quality of the workers' ranks, the complicated relations of relatives, and more difficulties for enterprise management. At the same time, the dependent mentality of some young people waiting for jobs was encouraged and quite a few young people lost the opportunity to seek employment on an equal basis. After the system of "replacement by the employees' sons and daughters" and the method of "recruiting employees' sons and daughters" were abolished, the state enterprises recruit workers from the society, giving overall consideration to the employees' moral character, education, and health conditions. Thus, the quality of workers can be ensured and improved and all those waiting for jobs can have equal opportunities to select jobs.

[Reporter] How do we ensure correct implementation of the regulations on dismissing workers who have violated discipline?

[Zhao] In the "Temporary Provisions on Dismissing Workers Who Violate Discipline," there are definite stipulations about the conditions and procedure for dismissing workers. Workers dismissed by enterprises should be those who have seriously violated labor discipline but still cannot be discharged from public employment and those who refuse to mend their ways through education or administrative disciplinary measures. Before they are dismissed, it is necessary to solicit opinions from the trade union, and when the final decision is made, it is necessary to report to the higher-level responsible department and local labor and personnel department for the record. Thus, improper dismissal and abuse of power may be prevented. If such phenomena as retaliation actually appears, it is necessary to deal with it seriously. If the worker refuses to accept the decision on his dismissal, he can appeal to the local labor dispute arbitration committee; and if he still disagrees with the arbitration, he can appeal to the local people's court. If workers who have been dismissed deliberately make troubles which affect production, work, and social order, they will be dealt with by the public security organs in accordance with relevant stipulations of the "Regulations Regarding the Punishment of Those Who Disturb Public Order." The dismissed workers will be taken care of by the state. They will be trained by local labor service companies so that they may obtain jobs again as soon as possible. In the period of waiting for jobs, they will be given unemployment relief funds according to relevant stipulations.

More Labor Contract Queries

OW081425 Beijing XINHUA Domestic Service in Chinese 1241 GMT 6 Oct 86

[Excerpts] Beijing, 6 Oct (XINHUA) -- The State Council announced on 9 September the regulations on reform in labor system, including "Provincial Regulations Governing Labor Contract System for State-Owned Enterprises," "Provisional Regulations Governing the Recruitment of Workers by State Enterprises," "Provisional Regulations the Dismissal of Undisciplined Staff and Workers of State Enterprises," and "Provisional Regulations Governing Unemployment Insurance for State-Owned Enterprises." In studying and implementing these four provisions, comrades in all areas, departments, and enterprises have raised some questions. With these questions in mind, this reporter interviewed a responsible person concerned of the Labor and Personnel Ministry. [passage omitted]

Question: What is the difference between labor contract system workers and "contract workers"?

Answer: Labor contract system workers are regular workers employed according to the state labor wage plan and assigned to permanent work posts. [paragraph continues]

They enjoy the same rights, including the right to work, study, join the democratic management of the enterprise, and win political honor and material encouragement, as their enterprise's regular workers. Generally speaking, their wages, insurance coverage and fringe benefits are kept at the same level as the regular workers' in the same enterprise, but some reform has been made. The enterprise has reduced some of their insurance coverage and fringe benefits and given them allowances to make up for them. The state adopts a system providing unemployment insurance and retirement social insurance for contract system workers.

"Contract workers" appeared after 1956. Their employment form is similar to that of temporary workers. In general, their wages and insurance and fringe benefits are the responsibility of the local departments and their enterprises. Their general level is lower than that of regular workers at the same enterprises. They do not enjoy unemployment insurance coverage or old-age retirement insurance coverage. [passage omitted]

Question: Why are enterprises authorized to dismiss staff members and workers who violate discipline?

Answer: The "Provisional Regulations Governing the Dismissal of Undisciplined Staff and Workers of State Enterprises" promulgated by the State Council authorizes an enterprise to dismiss staff members and workers who violate discipline so as to strengthen an enterprise's labor discipline and improve the quality of workers. In the past, an enterprise had no authority to dismiss a few staff members or workers whose violation of discipline was not serious enough to warrant expulsion. As a result, the enterprise faced a very difficult situation. The number of such workers was small, but they kept committing small errors; corroded the ranks of workers; and damaged the interests of the state, the enterprise, and the majority of workers. Dismissal of such people can help encourage healthy trends, develop workers' enthusiasm, strengthen labor discipline, improve the enterprise's labor management, and raise productivity.

Question: Why is the maximum length for unemployment relief limited to 24 months?

Answer: It is necessary to encourage the unemployed to get jobs as soon as possible since the state cannot shoulder the burden for their relief indefinitely. When the length of time for unemployment relief reaches 24 months, a few people can seek official relief if they still cannot find work. [passage omitted]

LABOR REFORM VIEWED AS 'PROFOUND REVOLUTION'

HK100049 Beijing BAN YUE TAN in Chinese No 18, 25 Sep 86 pp 17-19

[Article by Wang Jianxin (3769 1696 2450): "Several Questions About Understanding the Labor System Reform"]

[Text] The reform of the labor system is a profound revolution. It naturally has an impact on people's traditional concepts and habits. It will elicit different ideological and psychological reactions. Therefore, the understanding of some ideas is of great importance in ensuring the smooth progress of the reform.

1. One prevailing view is that there are not great differences between our labor contract system and capitalist wage labor. Such a view is incorrect.

Wage labor is a capitalist product. In capitalist society, capitalists possess the means of production and workers are sellers of labor. What wage labor reflects is the relationship of the exploiter and the exploited between capitalists and workers. The labor contract concluded between them is actually one for the sale of workers' labor. Our country is a socialist state, and laborers are the masters of society. Workers work for society and, at the same time, for themselves. The introduction of the labor contract system calls for affirming the labor relations between workers and an enterprise in the form of a contract on the basis of the socialist system of public ownership, with the responsibilities, obligations, and rights of both sides clearly defined. This encourages the workers' enthusiasm and releases productive forces. It also helps in the distribution of economic interests among the state, the enterprise and the worker. Therefore, the labor contract system introduced in our country is basically different from capitalist wage labor.

Those people holding the above view also say that the introduction of the labor contract system would give rise to the idea that workers are hired. There is also no basis for such an argument. Anyone knows that given ideologies and concepts are a reflection of a given social economic state. The idea of being hired is a reflection of the economic state of capitalism and is directly linked to wage labor. It is not necessarily linked to the socialist labor contract system. There is no denying that in some enterprises with a relatively poor showing in ideological and political work, an extremely small number of people are lacking in socialist labor consciousness and initiative. This is the result of the influence of old ideas left over from old society. It similarly exists under a permanent work system.

2. Some people contend that the introduction of the labor contract system clashes with the position of workers as masters of the house. This is a mistaken idea.

The position of workers as masters of the house under the socialist system is determined by the system of public ownership of the means of production. The introduction of the labor contract system does not change the nature of the system of ownership of the means of production. This cannot change the position of workers as masters. After the introduction of the labor contract system, workers can choose their work and working unit. They can sign contracts with an enterprise after consultations on an equal footing. The responsibilities, obligations, and rights of both sides are affirmed. Workers' material interests and their individual contribution of labor are linked up in a better way. Workers' job security is more closely linked to the fate of an enterprise. Workers' labor done for society and an enterprise and for themselves is merged as one and the same thing. All these give full expression to the position of workers as masters. With the introduction of the permanent work system of the past, workers had no right to choose their work or working unit. The state assigned them to enterprises by using administrative means. The relations of lifelong labor were formed. Workers' enthusiasm suffered to a certain degree.

A problem in real life now is that some people discriminate against labor contract workers and treat them as temporary workers and contract workers, depriving them of such rights as labor, work, study, participation in enterprise democratic management, entitlement to political honors and material incentives, and so forth, which they should equally enjoy with permanent workers in an enterprise. Such an unfair situation must be rectified. Otherwise, the labor contract system workers' enthusiasm and creativity as masters of the house will suffer.

3. Some people say that the introduction of the labor contract system has shattered the "iron rice bowl" and that this benefits enterprise but not workers.

The "Tentative Regulations for the Introduction of the Labor Contract System in State Enterprises" clearly say that in signing a labor contract with a worker, an enterprise must act in accordance with the state's relevant policies and laws; uphold the principle of equality, willingness, and unanimity reached through consultation; and define the responsibilities, obligations and rights of both sides. It can be seen that the labor contract system upholds the legitimate interests of both sides -- the enterprise and the worker -- and equally benefits the worker. Concretely speaking, first of all, a worker can choose a job or enterprise in line with his own specialities, interests, and physical capabilities and give full play to his own wisdom and talents in contributing his strength to socialist construction. This gives better expression to the position of workers as socialist people and their equal right to applying the public means of production in doing labor. Second, workers' responsibilities, obligations and rights are clearly defined in the form of a contract, enabling workers' legitimate interests to be recognized by an enterprise and to be legally guaranteed. Third, the stipulation about freedom of taking and leaving a job encourages competitiveness in knowledge, technology, and talent among workers and provides a wide-ranging stage for workers who make great contributions to society, thus stimulating workers' enthusiasm in improving themselves and getting ahead.

4. Some people worry that the introduction of the labor contract system would cause an unstable force of workers. This reveals a mistaken understanding of the rational circulation of laborers. The advantage of a permanent work system is a stable force of workers. This can also be achieved by introducing the labor contract system. But things are not done in a fixed way. Rational circulation can be brought about. Like "stability," such "circulation" is beneficial to enterprises and individuals. First, what is developed by our country is a planned socialist commodity economy. This determines the stable development of most of enterprises. So long as a worker works with eagerness and willingness and observes labor discipline, an enterprise is not likely to annul a labor contract with him or to replace him with a new worker. Second, by introducing the labor contract system, an enterprise can, in line with production needs and features, recruit workers on a long-term contract basis. Third, an enterprise would show political concern for labor contract system workers, care for them during their lifetime, give them technical training, and make them feel like masters of an enterprise, as it does with workers now. Thus, workers generally would not want to suggest canceling a contract and look for another job. Fourth, the state has worked out necessary and strict regulations governing recruitment, employment, and the signing, alteration, and annulment of a labor contract. Neither an enterprise nor a worker can freely nullify a labor contract. If one side should arbitrarily do so, the other side can turn to a labor dispute mediation and arbitration organ for a solution. Therefore, with the introduction of the labor contract system, the stability of a force of enterprise workers can be maintained.

At present, the irrational circulation of a small number of workers, especially the irrational circulation of technical workers in certain trades and certain kinds of work, is attributable to many causes. The main cause is not the employment system. Nor is it a matter that can be solved by restoring the recruitment of permanent workers and catering to some people's taste for old concepts. An answer calls for taking advantage of a favorable situation and doing a good job of work. The enterprise leadership should strive to improve matters of operation and management, show concern and care for workers' enthusiasm, and increase the attraction of an enterprise. Meanwhile, the leadership must strengthen ideological and political work among workers and educate them in the need to correctly handle relations among the state, the enterprise and the individual to ensure the stability and rational circulation of a worker force.

The reform of the labor system covers a wide area and has much to do with policy.
[paragraph continues]

Given the lack of experience, various difficulties and problems will be run into during reform. Therefore, we must strengthen leadership, unify awareness, bring about cooperation from all sides, pool mass wisdom and correctly carry out the State Council's four stipulations. Only in this way can reform be properly handled.

SYMPOSIUM EXPLORES SOCIALIST COMMODITY ECONOMY

HK091301 Beijing RENMIN RIBAO in Chinese 3 Oct 86 p 5

[Article by Han Zhiguo (7281 1807 0948): "Useful Exploration of the Operational Mechanism of the Socialist Commodity Economy -- Roundup of Some Viewpoints Expressed at the Theoretical Symposium on Socialist Commodity Economy" -- capitalized passages published in boldface]

[Text] The symposium on socialist commodity economy initiated by the editorial departments of ZHONGGUO SHEHUI KEXUE, CAIMAO JINGJI, ZHONGGUO GONGYE JINGJI XUEBAO, the Academy of Social Sciences of Shanxi Province and some other units was held in Taiyuan between 19 and 23 August. The symposium was attended by more than 130 economic theorists and practical workers from all parts of the country. The symposium emphasized the implementation of the "double hundred" policy and put forward some new ideas and new concepts which are worth our further consideration. Now, I will sum up some of the questions and the relevant views discussed at the symposium:

1. The Operation of the Socialist Commodity Economy and the Reform of the Structure of the Ownership System [subhead]

Many comrades expounded and proved from various angles that the operation of the socialist commodity economy needs a structure of ownership system which conforms with it; one of the important tasks of the reform of the economic structure is to carry out the necessary reforms of the present ownership system of our country.

Some comrades believed that the socialist commodity economy cannot operate normally without an effective market. The so-called effective market refers to a situation where enterprises sensitively and rationally react to market signals and the parameter of indirect state control or regulation. The key to the efficiency of a market lies in the rationalization of enterprise behavior. In order to rationalize enterprise behavior, apart from the guidance of accurate signals, the internal departments of an enterprise must have an optimum interest structure. The internal departments of the enterprises presently under the state ownership system lack this kind of interest structure. Because the ownership is not clearly defined, the interests of the operators and the interests of the owners are not closely connected and the operators often tend to accommodate themselves to the short-term interests of the workers. Therefore, we must carry out the reform of the state ownership structure in order to form a self-restricted and self-coordinated internal structure of enterprises. The implementation of the stock system in the state economy is one path to this reform.

Some comrades believe that the operational mechanism of commodity economy is a combination of the system of adjustment mechanism and the system of starting mechanism. The fundamental function of the former is to adjust the way the commodity production and the market demand adapt themselves to each other while the latter indicates that whichever way the commodity economy starts to operate, that is the form of the ownership system. In the operation of the commodity economy, the system of starting mechanism will inevitably react either coincidentally or contradictorily to the system of adjustment mechanism.

That the enterprises under the system of state ownership react slowly to market signals is a manifestation of just such a contradictory reaction. So, it is quite necessary to reform the system of state ownership.

Some other comrades believe that the relationship between the commodity economy and the ownership system must be clearly defined. The commodity production is a special pattern of the mode of production and has a more fundamental and profound significance than the ownership system. Commodity production is also the direct economic basis for determining the ownership system which highly generalizes and embodies the relations of production in a concentrated way. The logical order is: productive forces -- mode of production -- relations of production. The ownership system restricts and influences the commodity economy to a certain extent, but it cannot change the nature of the commodity economy. We must clearly understand the commodity economy basis of the socialist public ownership and reestablish an ownership structure which conforms with the commodity economy basis and stressed the public ownership.

2. Some Tentative Ideas on the Reform of the System of State Ownership [subhead]

At the symposium, various views concerning the reform of the system of state ownership were put forward.

THE FIRST VIEW: TO PERSONIFY [REN GE HUA 0088 2706 0553] THE FUNDS. Some comrades thought that proceeding from the angle of rationalizing the enterprises, the key to the reform of the system of state ownership lies in: 1) Establishing an authority in the enterprises, which cannot only really represent the value-added interests of the owners but also have a complete right of operation; 2) Softening the direct interference in enterprises by the responsible departments of the state through the pluralization and decentralization of the owners; 3) Linking the staff and workers' desire to earn more salaries with the enterprises' desire to gain more profits by defining and specifying the ownership of the staff and workers. In a word, we must establish an interest structure in which the owners, operators and workers cannot only restrict one another but also coordinate with one another. Thus, the system of state ownership can gradually be turned into the stock ownership system in which the state, the enterprises and individuals participate.

THE SECOND VIEW: TO REALIZE THE MECHANIZATION OF INTERESTS. Some comrades believed that it is almost impossible to personify the funds in our country, so the reform of the system of state ownership should take the form of mechanizing the interests, that is, to try by means of various economic mechanisms to make the interests of the state, the enterprises, and the individuals mutually dependent. Such a mechanism consists of three aspects: First, to link the operation of the enterprises with the interest of the staff and workers through the internal mechanism of enterprises so as to impel the staff and workers to care about the economic results, the accumulation and development, and the long-term behavior of their own enterprises; second, to cut off the "umbilical cord" which links the state and the enterprises and in a planned way, to make their operations long-term ones with the help of the market pressure; third, through the economic rules and regulations and the macroscopic readjustment, to guide the enterprises' motive force for achieving the biggest profit to serving the realization of the biggest social benefit.

The third view: TO TURN THE SYSTEM OF THE STATE OWNERSHIP INTO THE SYSTEM OF ENTERPRISE OWNERSHIP. This can be divided into three stages: The first stage: When the new and old systems coexist and the old system still has an edge on the new system, the state can control both the funds and materials of enterprises, but the state control on materials should be more relaxed than the state control on funds; the second stage: After the new system gains an edge on the old system, the state can only control the funds not the materials of the enterprises; the third stage: After the enterprises have paid back the state investment, the enterprises are separated from the state in ownership and the enterprise ownership is in turn realized.

The fourth view: THE STATE OWNERSHIP SYSTEM WHICH IS PRINCIPALLY A UNITARY OWNERSHIP SHOULD BE TURNED INTO A COMBINED OWNERSHIP SYSTEM WITH VARIOUS ECONOMIC FORMS. The main part of the combined ownership system is the economic entities and enterprise groups formed by enterprises under different ownership systems and different enterprises with the same ownership system according to the principle of mutual benefit, so the the combined ownership system is a legal person. This kind of combined ownership system conforms with China's present social capacity to withstand strains and is conducive to linking macroscopic readjustment with enterprise behavior.

The fifth view: TO IMPLEMENT THE MODEL WHICH STRESSES THE PUBLIC OWNERSHIP AND COMBINES VARIOUS TYPES OF OF OTHER OWNERSHIP. The general principle is: 1) We can sell to individuals or groups those state enterprises which account for a small proportion in the gross national product, but which are many, whose products often change, whose products cannot be easily replaced and whose capital value can be easily assessed; 2) We can "contract out" or "rent out" those state enterprises which account for a relatively big proportion in the gross national product, whose products do not often change and whose products can be easily replaced so as to separate the ownership from the operation and enable the owners to only take part in the distribution of the enterprise profits and not to intervene in the production and management of the enterprises; 3) We should still let the state own those enterprise which are few but have a high degree of industrial monopoly. However, we can implement various kinds of management responsibility systems in these enterprises so as to enable them to have a certain degree of decision-making power and become a kind of improved state-owned enterprise.

3. Two Models for Regulating the Market [subhead]

Many comrades pointed out that our country's macroeconomic administration must shift its stress from direct control to indirect control. Under the new economic structure which has undergone reform, the conductive mechanism in the economic operation will be that "plans regulate the market and the market regulates the enterprises." However, as to how to realize the plans regulating the market, two models were proposed in the discussion. One is that the state will control prices, interest rates, and salaries and the state will regulate the market according to the needs of macroeconomic control so as to regulate the production and operation activities of the enterprises. Another is that the changes of prices, interest rates, and salaries are determined by the market and are not directly controlled by the state. The state can indirectly regulate the changes of prices, interest rates, and salaries by regulating the economic parameter, that is to regulate the controllable economic variable controlled by the state, such as the preparatory rate of bank savings, the rediscount rate, the revenue, the financial expenditure and so on so as to regulate the overall activities of the enterprises. However, this cannot be realized within a short period of time, but this can be the model of our long-term goal. The comrades who advocated the second model thought that the automation of prices, interest rates, and salaries is indispensable to perfecting the market system and market mechanism and realizing the rationalization of resources. [paragraph continues]

If prices, interest rates, and salaries are not put into the market but are directly controlled by the state, enterprises will probably not be able to regulate their own production and operations according to the real market signals so that they will not be able to really assume full responsibility for their own losses and profits.

In addition, at the symposium, heated discussions were also held on the reason, the necessity of development, the nature, the characteristics and the law of development of the socialist commodity economy and some other important questions.

SEZ FOREIGN BANKING EXPANSION PROMISED

HK090745 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English '9 Oct 86 p 1

[By Paul Sham]

[Text] China is soon to allow foreign banks operating in the country's Special Economic Zones (SEZs) to expand the scope of their operations, banking sources in Shenzhen said yesterday.

They said the move was part of the Government's program to alleviate the problems foreign banks face under a depressed business climate.

One major concession on the cards would permit wholly foreign-owned banks and joint-venture banks to offer trade financing to domestic enterprises, the sources said.

Under current law, domestic enterprises may obtain letters of credit only from the Bank of China, though in special cases, a foreign bank can issue a letter of credit if the domestic borrower uses the money to purchase imports.

The sources said if foreign banks were indeed able to expand into trade financing, their business would boom, as most are now struggling under the double yoke of heavy restrictions and a slowdown in foreign investment.

In addition, the increasing number of reports of failed or troubled business ventures in China had dampened many banks' interest in project financing, which had previously been the main activity of most foreign banks in the SEZs.

The sources said foreign banks were not steering clear of project financing because the risks involved were deemed too great.

Thus the ability to conduct billing operations, which are attractive because of the relatively short payback periods involved and foreign-currency backup, would be welcomed by foreign bankers.

Such business was previously limited because joint-venture enterprises seldom made use of billing services, as most have offices in Hong Kong, and thus payments for imports are negotiated via a draft against payment through the Hong Kong office.

Wholly foreign-owned enterprises in the SEZs also have had little need for local billing services in the SEZs because of their close relationships with parent companies overseas.

The sources said the move to relax banking restrictions would be included in the proposed implementation rules of banking regulations covering foreign and joint-venture banks.

The new rules, which are expected to be announced soon, would clarify the grey areas of the bank law promulgated April 1985.

COUNTY REVIEWS POPULAR REACTION TO RURAL REFORM

HK090749 Beijing RENMIN RIBAO in Chinese 3 Oct 86 p 1

[Report by Ling Zhijun (0407 1807 6511) and Yang Jun (2799 6511): "Shenxian County Endeavors To Find Out the People's Demands, Sets Up Service Companies To Promote Reform"]

[Text] What is the current rural situation like? What are the peasants satisfied with most? What are they discontented with most? What are they concerned about? What are their troubles? Through a series of investigations conducted among the peasants, Shenxian County in Hebei found the answers to these questions and also analyzed the problems that hindered the deepgoing rural reform.

The first investigation of popular feelings started countywide in April this year. More than 200 cadres from the county party and government organs went to the rural areas and held talks with some 700 peasant households. The period lasted around 1 month. Later, the bureaus of forestry, animal husbandry, and electricity respectively conducted sample surveys of 100 peasant households to analyze the problems of the relevant trades. The overall investigation concluded in mid-September.

In the 700 questionnaires collected, the peasants made 5,588 proposals and suggestions, which reflected the current rural situation and the voice of the peasants. The peasants are most satisfied with their decision-making power. Over 95 percent of the peasants spoke highly of the production responsibility system which enabled them to increase their income. They are concerned about the following two issues: First, that the policies should remain unchanged; and second, that production conditions should be improved as quickly as possible, which respectively accounted for 80 percent and 95 percent of the peasant households interviewed. According to 98 percent of the peasant households, the lack of resources for expanding production, the absence of guarantees in purchasing means of production, and backward production conditions are their immense difficulties in developing production.

The findings of the county party committee point out that the peasants are satisfied with the contract system, as they have benefited from it, but the second stage reform is completely a new thing to them. The peasants are now satisfied with the party's major policies but not with the minor ones; namely, they are satisfied with the basic rural policies, but are not satisfied with the fact that specific policies have not yet been implemented. For example, the reform of the farm produce purchase system has not been implemented and mandatory planning and administrative interference still prevail in the implementation of the grain purchase system.

The findings point out that the peasants have a lot of complaints about indiscriminate price hikes, exaction of charges, and reduced prices for farm and sideline products.
[paragraph continues]

Electricity charges increased by 100 percent, water by 200 percent, and diesel oil by 300 percent in 3 years. Although relevant measures have been taken this year to cut down unnecessary items, there are still 14 items that require payments from rural income compared with the 18 in 1985. The peasants benefited from the increase in prices of farm and sideline products a few years ago, but this has been offset by the indiscriminate price hikes and exaction of charges in recent years. If we compare the figures for 1985 with those for 1983, the net income from every mu of grain decreased by 20 yuan and the net income from every mu of cotton decreased by 67 percent.

The findings show that the peasants' difficulties are caused by a lack of social services. Following the implementation of the contract system, peasant households have encountered numerous problems in their operation. The peasants said: "With the shortages of electricity and oil, you simply cannot do anything. Furthermore, you have to pay extra for the services you need." At present, the peasants strongly demand measures to improve services.

The findings also analyze the mentality of being contented with the initial stage of prosperity in the rural areas and point out that this is an ideological obstruction to the deepgoing rural reform. The majority of the peasants are content when their investment and output reached a certain level. Therefore, they would rather maintain the status quo in land management. The peasants seldom think of bringing about better results from the cultivated land and lack understanding of large-scale agriculture, ecological agriculture, and other new concepts.

While conducting investigations of popular feelings, the Shenxian County party committee and government resolved some problems in light of the peasants' demands. For example, several service companies were set up for relevant trades, the prices of electricity was strictly controlled, and schemes were worked out and measures taken for the deepgoing rural reform. Nevertheless, the county party committee believes that these problems can be solved with the concerned efforts of various fields, rather than relying merely on the efforts of the county authorities.

Commentator's Article

HK090751 Beijing RENMIN RIBAO in Chinese 3 Oct 86 p 1

[Commentator's article: "Reform -- the Only Way Out"]

[Text] "Crowned with success, the rural reform has come to an end." The investigations of popular feelings in Shenxian County has negated this statement.

"As the focus of reform has been shifted onto the urban areas, rural matters can be put aside." The voice of Shenxian peasants has also negated this statement.

"Is the case of Shexian county exceptional or universal?" According to the investigations in other rural areas, the situation in Shenxian County represents the localities that mainly engage in farming.

The first stage of rural reform has enabled the peasants to gain the position of independent commodity producers. They can now establish contacts with various fields in society. This is the prerequisite for shifting rural production to commodity economy. This achievement should not be underestimated. [paragraph continues]

However, the prerequisite is not tantamount to commodity economy. There are still many new problems that are not yet settled, and each step taken to settle these problems usually conflicts with the structure of the old natural economy. For example, the reform of the price system may involve the interests of various fields. A slight move in this regard may affect the situation as a whole. For another example, the measures taken to lift restrictions on various commercial channels may give rise to contradictions between various parties in the market. These are obstacles placed by the old structure before reform and the new structure. There is nothing strange about these obstacles. It would be surprising if there were no obstacles at all.

We can neither view the formidable obstacles with despair nor turn a blind eye to them. The only way out is to carry out reform, remove the obstacles, and create a suitable and spacious environment for the development of rural commodity economy.

Many of our comrades engaged in rural work have a rough idea of the rural situation and have realized, to an extent, the peasants' difficulties. The problem lies in that "rough" rather than specific and that "to an extent" rather than profoundly. In order to remove the obstacles, you should first understand them. From the conversations with the peasants, the cadres of Shenxian County have a clear understanding of the peasants' views. It is indeed commendable that they did not cover up the problems and publicize the achievements. It is a fine thing that they have recognized the numerous problems and difficulties. A doctor can suit the medicine to the illness when he has made a definite diagnosis. In a sense, the reform of the economic structure can be regarded as treating the illness of the old system. The more you can recognize the obstacles created by the old system, the better and more practical your policies and measures will be.

While removing the obstacles to the deepgoing reform, we cannot use the old methods to solve new problems. We should by no means resume the irrational administrative interference that has been removed. We can try out some new methods. While carrying out the system of contracted responsibility with payment linked to output, we did not have a full set of perfect methods. Yet, we gradually perfected the system by boldly conducting experiments and blazing new trails in light of the circumstances in each locality. While carrying out the second stage of reform, it is still necessary to bring forth new ideas in the system, organization, and measures. Only by bringing forth new ideas can a new mechanism take shape and become perfect.

When you are sure of a matter, you should go ahead and do it with many tasks to perform in the rural areas, the efforts made in organizational work are still inadequate. Many measures are still in the form of documents, meetings, and verbal statements and are not yet implemented. We should particularly emphasize that "practical action is better than a dozen programmes," remove the obstacles in a down-to-earth manner, and develop the reform in depth.

LOWER INCOME TAX SLATED FOR FOREIGN FIRMS

HK090454 Beijing CHINA DAILY in English 9 Oct 86 p 1

[By staff reporter Liu Dizhong]

[Text] The ministry of finance has cut the income tax rate for China-based foreign companies, CHINA DAILY learned yesterday.

Under article 4 of the Revised interim provisions for collecting industrial and commercial consolidated tax and business income tax from China-based foreign companies, the rate of income tax to be paid by these companies will be 10 percent, 5 percent less than the previous rate.

The revision, made with the approval of the State Council, is aimed at encouraging foreign companies to expand their business in China. It is also made in consideration of the differences in profits each company earns, a ministry official explained.

The number of foreign representative offices in China has increased from about 900 in 1984 to more than 1,600 this year.

The government is working on a series of new measures to attract more foreign investment to China, which are expected to be promulgated either this month or in November.

The state is also carrying out a national survey of sino-foreign joint ventures to help projects that have not been started on schedule because of various problems.

This was disclosed by Gu Ming, chief of the Economic Legislation Research Centre under the State Council, in an interview with CHINA DAILY yesterday.

The new measures, he said, would greatly promote the expansion of foreign investment in China.

The current world economic situation is favourable to China as the United States, Japan, and some developed countries in West Europe are showing more interest than before in increasing their overseas investment. "If we create a better and more rational environment, it is very possible for China to see another wave of foreign investment," Gu said.

The first wave followed the beginning of the nation's open policy in early 1980. Over the past seven years, more than 6,000 equity joint ventures, contractual joint ventures and wholly-owned foreign companies have been set up across the country involving a total investment of \$5 billion from 28 countries and regions.

Gu said the new measures would ensure that foreign investors will make more money through their investment in China. The measures will include reducing tax rates for firms with foreign investment more flexible rules to help sino-foreign ventures get around the problem of foreign currency account deficits, and especially favourable wage and land rent terms.

The new rules will also guarantee the rights of sino-foreign ventures and wholly-owned foreign companies to hire and fire their own staff.

Because of the shortage of foreign currency over the last two years, Gu said some projects had stopped negotiations with foreign investors while some signed contracts had not been implemented fully. The recent devaluation of the Rmb yuan also had an unfavourable impact on a number of local equity joint ventures.

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Feasibility studies of future projects will try to avoid duplicated technology imports and new laws will be issued to ensure that signed contracts go smoothly. Foreign investors will be encouraged to take legal proceedings against those firms which do not abide by contracts, Gu said.

Gu stressed that China must be bold enough to let foreign investors make more money. The reason is simple: If foreign investors lose their money, the Chinese partners will make no profits either. The more foreign investors earn the more the Chinese side will earn too. "Like sailing on the same boat, we are of the same destiny," Gu said.

"We must also be bold in borrowing foreign money and drawing more foreign funds," he said, adding that it is also important to use them wisely.

Since 1979, China has used more than \$20 billion in foreign capital which has played an important role in serving the nation's modernization. Considering the size of China and its current economic basis and scale of foreign trade Gu said this was a "small sum" which the nation was fully capable of repaying.

ADVISOR WU LIANGPING DIES 8 OCT IN BEIJING

OW080441 Beijing XINHUA Domestic Service in Chinese 0653 GMT 5 Oct 86

[Text] Beijing, 5 Oct (XINHUA) -- Failing to respond to medical treatment, Comrade Wu Liangping, member of the Advisory Commission of the CPC Central Committee and advisor of the Party School of the CPC Central Committee, died at 2105 [Beijing time] 3 October 1986 in Beijing at the age of 78.

OFFICIALS ISSUE OBITUARY ON LIU BOCHENG DEATH

OW091308 Beijing XINHUA Domestic Service in Chinese 1128 GMT 9 Oct 86

[Beijing XINHUA Domestic Service in Chinese at 1140 GMT on 9 October carries a "public notice" relaying a message from the funeral office for late Comrade Liu Bocheng that says that the obituary be given "front par prominence"]

[Text] Beijing, 9 Oct (XINHUA) -- Obituary from the CPC Central Committee, the Standing Committee of the National People's Congress, the State Council, and the Central Military Commission:

The CPC Central Committee, the Standing Committee of the National People's Congress, the State Council, and the Central Military Commission announce with deep feeling of grief: Comrade Liu Bocheng, a great fighter of the Chinese people, fine member of the Communist Party of China, one of the founders of the Chinese PLA, great proletarian revolutionary, and military scientist, died of illness at 1740 on 7 October 1986 in Beijing. He was 94.

Comrade Liu Bocheng's life was glorious. In his youth, he participated in the 1911 revolution and the war against the northern warlords. After he joined the Chinese Communist Party in 1926, he launched the Luzhou-Shunqing uprising in Sichuan Province and participated in the launching and directing of the Nanchang uprising in 1927.

During the Agrarian Revolutionary War period, especially during the 25,000-li Long March, as the chief of general staff of the Central Military Commission, he performed outstanding meritorious deeds and waged a resolute struggle against the splitist activities of Zhang Guotao.

During the War of Resistance against Japan, he served as the commander of the 129th division of the Eighth Route Army, active in North China where he founded the Shanxi-Chahar-Shandong-Henan revolutionary base.

During the Liberation War period, he served as commander of the Shanxi-Hebei-Shandong-Henan Military Area Command, Central China Military Area Command and the Second Field Army. In 1947, he led an army of 100,000 strong men across the Yellow River and toward the Central China Plain, writing a glorious page in the annals of the strategic offensive of the Chinese People's Liberation. In a series of major battles that followed, he displayed brilliant military talents and made tremendous contributions to the founding of the People's Republic of China.

After the founding of New China, he served as the commandant and political commissar of the Military Academy, director of the Military Training Inspection Department of the Central Military Commission, vice chairman of the National Defense Commission, and vice chairman of the People's Revolutionary Military Commission, making major contributions to the modernization and regularization of the revolutionary Army.

The art of his military command and his astuteness and resourcefulness in operations is an important component part of Mao Zedong's military thinking.

In 1955, he was conferred with the military rank of marshal of the People's Republic of China. He also served as a member of the Seventh to Eleventh Central Committees of the Chinese Communist Party, member of the Political Bureau of the eighth to eleventh Central Committees of the party and vice chairman of the Standing Committee of the second to Fifth National People's Congress. From January 1966, he was appointed vice chairman of the Military Commission of the CPC Central Committee.

In 1982, he resigned from all leading posts in the party, state and the army because of old age and failing health.

With tremendous contributions and high prestige, Liu Bocheng was deeply loved and respected by the whole party, and whole army and people of all nationalities throughout the country.

The death of Liu Bocheng is a great loss to the party, the Army and the people.

We must turn grief into strength, learn from Comrade Liu Bocheng's revolutionary spirit and fine moral integrity, and work hard together to build China into a modern socialist country with a high degree of civilization and democracy.

Eternal glory to Comrade Liu Bocheng, a great proletarian revolutionary and military scientist!

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GUANGDONG SENTENCES KMT 'SPIES' TO PRISON

HK100551 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1428 GMT 9 Oct 86

[Report: "Guangdong Judicial Organs Sentence Several Taiwan Spies to Prison" -- ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 9 Oct (ZHONGGUO XINWEN SHE) -- According to local newspapers, the National Security Department of Guangdong Province recently uncovered a number of Taiwan spies and arrested Hu Hanchi and other four Taiwan spies. They have been sentenced to prison by the court.

Hu Hanchi is a special agent and liaison man of the Military Intelligence Bureau of Taiwan. He slipped into Guangzhou twice during the first half of this year to contact the hidden Taiwan spies there. He trained the hidden spies to use secret codes and receive the Taiwan spy radios and instructed them to collect information and steal CPC central documents.

Kuang Shaosen is also a special agent dispatched by the Military Intelligence Bureau of Taiwan. He slipped into Shaoguan City in 1985, at Chinese New Year. He recruited his younger brother, Kuang Shaokang, who worked in a hotel in Shaoguan, into the spy organization. After that, Kuang Shaosen reentered Mainland China several times in order to relay the instructions of the Taiwan spy organization to Kuang Shaokang assign to him the task of collecting political, economic, and military information. After joining the Taiwan spy organization, Kuang Shaokang offered the Mainland's political, economic, and military information to the spy organization on five occasions.

Ye Changfa is a special agent dispatched by the Taiwan KMT "Mainland Work Committee." Since 1985, he has frequently slipped into Shenzhen on the instructions of the spy organization. His spying activities included developing a spy ring in Shenzhen.

Taiwan KMT [Kuomintang] spy Bao Jincheng was a former member of a Hong Kong triad society. He joined Taiwan's spy organization in Hong Kong in 1983 and slipped into Guangzhou in April 1983 on the spy organization's instructions. At that time, another Taiwan spy, he Enjie, was arrested for hanging a reactionary slogan on the wall of the Guangzhou Hotel, and Bao issued threatening letters in the name of "the second branch of the Guangzhou City guerrillas," claiming that he would blast the export trade fair building in Guangzhou. After that, Bao Jincheng continued to slip into Guangzhou to develop a spy ring and to engage in other spying activities.

The national security authorities in Guangdong Province arrested the above-mentioned five spies after collecting definite evidence. Recently, the court of Guangdong Province tried them and sentenced Hu Hanchi, Ye Changfa, and Bao Jincheng to 6 years, 5 years, and 8 years' prison and sentenced Kuang Shaosen and Kuang Shaokang to 6 years and 3 years' imprisonment.

GUANGDONG SECRETARY ON SPIRITUAL CIVILIZATION

HK061438 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 5 Oct 86

[Text] Members of the Standing Committee of Guangdong CPC Committee and comrades responsible for the province's Advisory Commission, People's Congress, people's government, CPPCC and Discipline Inspection Commission met on 4 and 5 October to study the CPC Central Committee's resolution on the guiding principles for building socialist spiritual civilization.

They stressed: Now the important thing is that cadres at various levels, and particularly leading cadres, must take the lead in studying the resolution in earnest and grasp the essence of the resolution and must not go through the motions.

Lin Ruo, secretary of the provincial party committee, presided over and addressed the meeting. Comrade Lin Ruo said: The CPC Central Committee's resolution on the guiding principles for building spiritual civilization is a programmatic document for strengthening the building of spiritual civilization in the new historical period, which is imbued with dialectical materialist ideas. With this resolution in mind, we will be able to overcome obstructions from the left and right in the building of spiritual civilization so that the building of two civilizations, and the building of spiritual civilization will develop in a healthy way.

Comrade Lin Ruo pointed out: Guangdong Province started carrying out reform and opening to the outside world earlier than others, so we must make a step forward earlier than others in building spiritual civilization. By studying the resolution conscientiously, we must seriously sum up Guangdong's experience in the building of spiritual civilization in the light of the its spirit and approach the problem of how to promote the building of spiritual civilization in Guangdong. We must particularly solve the problem of carrying out education on ideas and morality. At the same time, we must earnestly work out plans for building spiritual civilization in our province under the guidance of the resolution's spirit so as to push forward our work in this aspect.

GUANGDONG HOLDS TELEPHONE CONFERENCE ON RURAL WORK

HK060843 Guangzhou NANFANG RIBAO in Chinese 1 Oct 86 p 2

[Report by correspondents Cen Zhumou (1478 4371 6180) and Zhou Minwu (0719 6900 2076): "The Provincial Party Committee and Government Hold a Telephone Conference on Current Rural Work"]

[Text] At a provincial telephone conference on the evening of 29 September, Guo Rongchang and Ling Botang, responsible comrades of the Guangdong provincial party committee and government, made plans for current rural work in such fields as farmland and water conservancy construction during the autumn and winter, doing a good job in fighting draught in order to strive for a bumper harvest of late crops, resolutely materializing the 1986 plan for population control, strictly controlling the investment scope in capital construction, and doing a good job of party rectification at the township level in the rural areas.

According to Ling Botang, water conservancy has become an important issue with a direct bearing on the steady and continuous development of the province's agriculture as well as the entire national economy. A good solution to this issue depends on whether the leadership at all levels attaches importance to it and strengthens leadership. To lose no time in grasping the favorable conditions before the autumn harvest and the coming winter and spring, the provincial party committee and government required all localities to take rapid action and wage an upsurge of water conservancy construction during the autumn and winter on a large scale, in a more down-to-earth manner with greater results than in 1985.

Ling Botang said that the province has suffered from serious drought. Incomplete statistics show that more than 11 million mu of land planted with crops is inflicted with drought. Therefore, all localities must rapidly mobilize the masses to plunge into fighting the drought in order to save the rice shoots, and organize relevant departments to support the rural areas in fighting the drought and to strive for a bumper harvest of late crops.

Regarding planned parenthood work, Lin Botang expressed the hope that all localities would strengthen leadership and fulfill the responsibility of the population control plane assigned by governments at a higher level based on the requirements of Comrade Lin Ruo for implementing the responsibility system with targets during one's term of office at the provincial conference for party committee secretaries at the county (city) level.

Concerning the control of the investment scope of fixed assets, Lin Botang stressed that all localities should do a good job in weeding out projects under construction in a down-to-earth manner, resolutely put a stop to or slow down a number of capital construction projects that should not have started, and keep the investment scope of the province's capital construction under strict control.

At the telephone conference on the evening of 29 September, Comrade Guo Rongchang made a few suggestions on doing a good job of party rectification work at the township level. He stressed the need to have a very clear idea of the guiding idea of party rectification at the township level, to persist in high criteria and quality, while guarding against and overcoming the sentiments of conceit and relaxation, to give appropriate guidance by suiting measures to local condition, while giving focal help to backward party branches in solving existing major problems, to adhere to the principle of education and enlightenment by attaching attention to doing a good job in ideological and political work, and to take a good grasp of simultaneous rectification and reform.

YOU TAIZHONG AWARDS GUANGZHOU PLA SOLDIERS

HK100437 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 8 Oct 86

[Text] On the morning of 8 October, the Guangzhou Military Region held at its auditorium a commendatory and awards presentation meeting entitled: "Dedicating Youth to the Battlefield in Southern China." You Taizhong, commander of the Guangzhou Military Region, and Zhang Zhongxian, political commissar of the Guangzhou Military Region, awarded bronze medals to 25 outstanding PLA soldiers.

At the beginning of this year, the political department of the Guangzhou Military Region decided to launch among CYL members and youths of the region a drive to award medals, entitled "Dedicating Youth to the Battlefield in Southern China." A total of 500 outstanding youths in the region won prizes during the drive.

In his speech at the meeting, Zhang Zhongxian demanded that CYL members and youths in the region carry forward the spirit of [words distinct], actively take part in the building of socialist spiritual civilization, and make new contributions to the revolutionization, modernization, and regularization of the PLA.

GUANGDONG TAKES ACTION AGAINST FALSE ADVERTISING

OW060712 Beijing XINHUA in English 0638 GMT 6 Oct 86

[Text] Beijing, October 6 (XINHUA) -- The Guangdong Administration on Commerce and Trade and provincial authorities have taken action to stop false advertising in the city.

Recently, the administration fined 22 advertising agencies and revoked the licenses of another 19 after an investigation of accusations of false advertising practices, "PEOPLE'S DAILY" reported today.

"They were punished because their advertisements were backed only by false words," the paper said.

According to the paper, authorities told another 92 individuals acting as unlicensed advertising agents to stop their businesses.

In addition, 1.58 million pieces of false trade mark paper have been destroyed and 3,000 falsely packed items sealed.

Over the previous few years, about one fourth of the agencies and many advertising agents have lied in their publicity, conducted business without the proper licenses, or made money through unscrupulous means, the paper said.

The government has now placed 200 advertising agencies and 300 advertising columns under its supervision, and is working out regulations controlling advertising by mail or on calendars.

GUANGDONG FORUM ON USE OF FOREIGN CAPITAL ENDS

HK080815 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 6 Oct 86

[Text] At the Guangdong provincial forum on using foreign investment money, which ended yesterday, Vice Governor Yu Fei stressed that we must seek unity of thinking and gain a deeper understanding of running enterprises with foreign investment well. Yu Fei said that running Chinese-foreign enterprises, cooperative enterprises and enterprises exclusively with foreign investment is an important aspect in our policy of opening up to the outside world. This has a direct bearing on our country's prestige of opening to the outside world and on whether the open policy can be successfully implemented.

After analyzing problems relating to the use of foreign investment funds, Yu Fei said that from now on we must create a better investment climate to attract more foreign friends, compatriots from Hong Kong and Macao and Overseas Chinese to make investment in our province so that they will find that investment in our province is more worthwhile than in other countries. At present we must concentrate efforts on straightening out and improving the existing enterprises with foreign investment. Efforts should be made to solve a number of outstanding problems within the limits of our authority and problems such as offering preferential taxation, lowering charges, striking off unreasonable charges, issuing export licenses, and ensuring to enterprises full decision-making power should be solved before others.

GUANGDONG TO BUY ELECTRICITY FROM HONG KONG

HK080230 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 4 Oct 86

[Text] A signing ceremony for the contract for Guangdong province to buy electricity from Hong Kong with coal was held in Guangzhou this afternoon. During the dry seasons of this year and next, Hong Kong will supply 1 billion kilowatt-hours of electricity to our province.

During the dry seasons of this year and next, our province will be extremely short of power. To make up for the shortage, our province will buy 1.2 million tons of coal from Shanxi Province with the approval of the central departments concerned.

The National Coal Import and Export Corporation has been entrusted with shipping this amount of coal to the Hong Kong China Light and Power Company Limited in exchange for 1 billion kilowatt-hours of electricity.

It is learned that the electricity will be transmitted to our province during the period of greatest power shortage, namely between November and April. The supply of power will start in the coming November.

Representatives of the Guangdong Provincial Power Supply Corporation, the National Coal Import and Export Corporation, and Hong Kong China Light and Power Company Limited signed the contract today. Attending the signing ceremony were Liu Tianfu, member of the Central Advisory Commission, who is now staying in Guangzhou, Huang Ji, vice governor of the province, and other leaders of the provincial departments concerned.

GUANGDONG FULFILLS 1986 EXPORT QUOTA EARLY

OW092320 Beijing XINHUA in English 1640 GMT 9 Oct 86

[Text] Guangzhou, October 9 (XINHUA) -- Guangdong Province in south China has fulfilled the export quota three months ahead of schedule this year, the first of the Seventh Five-Year Plan period of 1986-1990.

According to statistics, by the end of September, Guangdong exported almost 2.9 billion U.S. dollars worth of goods accomplishing 100.8 percent of the year's export quota.

The figure also shows an increase of 43.3 percent over the same period last year.

Exports of light industry, textile and machinery and livestock products doubled over the same period last year, while exports of handicraft and machinery equipment increased 70 percent, with exports of food and local products up 60 percent.

Enterprises with foreign investment exported a total of 200 million U.S. dollars worth goods in the first nine months.

Local officials attributed the increase of exports to the expansion of production as a result of importing technology and equipment, the development of new products and measures to encourage exports.

GUANGXI RIBAO ON CENTRAL COMMITTEE DOCUMENT STUDY

HK071544 Nanning Guangxi Regional Service in Mandarin 1100 GMT 5 Oct 86

[Excerpts] GUANGXI RIBAO today carries an editorial entitled "To Conscientiously Study and Profoundly Grasp" in which it says the resolution adopted by the 6th Plenary Session of the 12th CPC Central Committee on the guiding principles on building socialist spiritual civilization is another programmatic document that guides China's socialist modernizations after the decision of the 3d Plenary Session of the 12th CPC Central Committee on reforming the economic structure.

In the areas of strengthening the building of socialist material and spiritual civilizations, promoting full-scale reforms and the policy of opening up, as well as building our socialism with Chinese characteristics, it will inevitably greatly and profoundly influence our party during the new historical period.

To implement the resolution on full scale is an important task for us at present. In order to perform the implementation well, we must first seriously study and profoundly and thoroughly understand the basic viewpoints and essence of the documents. Our past experience has shown that if we do not have a clear idea about and thoroughly understand the spirit of the documents but simply convene meetings, issue calls, and give instructions without much thought, we shall not achieve any good results or even make various mistakes in our work.

While summing up our good and poor work of building socialist spiritual civilization, the resolution draws new conclusions on many important issues concerning theory and time. It also proposes new thinking, new contents, and new viewpoints. It therefore reflects the conditions of the times. In order to really and thoroughly understand the spirit of the documents, we must conscientiously study them in a down-to-earth manner and repeatedly discuss them instead of simply glancing over them or holding one or two forums. Only thus can we integrate the essence of the documents as well as the central guiding principle with the actual conditions, and can we correctly give instructions and formulate plans of implementation.

At present, to study and implement the resolution is a significant task of the whole party. All localities must give priority to this task. Leading cadres must take the lead and seriously study the documents well. At the same time, they should organize cadres and the masses within and outside the party to conscientiously study them, as well as always keep in touch with their departments and units about their situation of implementation. [passage omitted]

When studying the resolution, we should integrate theory with reality and avoid practising formalism. Over the years, the region has scored successes in building socialist spiritual civilization. But there are still many problems which do not conform to the requirements of our socialist modernizations. People's mental attitude and thinking still fall behind the development of reforms, opening up, and economic invigoration. Both party style and the general mood of society are yet to be further improved. Democracy and the legal system have yet to be perfected. The work of education, science, and culture is still backward. [passage omitted]

In our study, we must solve problems in these areas by integrating theory with realities.

In conclusion, the editorial says: The economic construction is a key work. Our building of spiritual civilization is carried out under the conditions in which the whole party and all people engage in construction and reforms wholeheartedly. This new pattern will inevitably call for making the building of spiritual civilization the driving force, spiritual support, and ideological guarantee of the building of material civilization.

All party organizations, as well as party members, cadres, and people across the region, should take prompt actions and actively respond to the call of the 6th Plenary Session of the 12th CPC Central Committee. They should conscientiously study the documents, implement the resolution on full scale, resolutely do well in building the two civilizations, and strive for reaping a bumper harvest in both economic construction and comprehensive reforms, so as to welcome the coming 13th CPC Congress.

HENAN RECRUITS INTELLECTUALS INTO PARTY

HK091029 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 6 Oct 86

[Text] The province's organization departments at all levels seriously implemented the guiding ideology of recruiting new members during the new period. They actively recruited elite intellectuals to the party.

Between 1979 and 1985, the province recruited some 83,000 intellectuals as party members, accounting for 30 percent of the total party members recruited during that period.

According to provincial statistics by the end of 1985, the number of party members accounted for 25.7 percent of the total number of intellectuals, including senior intellectuals among whom 50 percent are party members; and middle-ranking among who 45.7 percent are party members. The number of party members accounts for 16 percent of the total number of secondary and primary school teachers.

In the work of recruiting elite intellectuals to the party, the responsible comrades of all organization departments personally handled the work, and voluntarily made friends with intellectuals. They helped those people who recommended intellectuals for party membership to attend meetings to take the oath on being admitted to the party. Many comrades of the party committee's organization departments also conducted thorough investigations, publicized policies and gave instructions. Unit by unit, and issue by issue, they helped them solve problems in this respect.

In order to strengthen the education among intellectuals on being party members, the grass-roots party organizations conducted education among the intellectuals in connection with their characteristics, and helped them continue to make progress. Over the years, some 51 percent of intellectuals-party members recruited by the province were advanced and model people. Some 40 percent of them were appointed full members of leading groups at prefectural, city, county and township levels.

Now, most of the intellectuals who have long been following the party line, have long been wanting to become party members, and are qualified to be party members have been recruited by the party. Also, a large number of nonparty intellectuals are rallying round the party organizations. Over 174,000 comrades have submitted their applications for party membership. The party organizations at various localities have actively strengthened their work of cultivating and educating intellectuals, thereby laying a good foundation for doing well in recruiting elite intellectuals to the party.

HUNAN COMMENTATOR VIEWS SPIRITUAL CIVILIZATION

HK060859 Changsha Hunan Provincial Service in Mandarin 1100 GMT 5 Oct 86

[Station commentator's article: "Unswervingly Strengthen the Building of Spiritual Civilization"]

[Excerpts] On the eve of the national day, the 6th Plenary Session of the 12th CPC Central Committee adopted the resolution on the guiding principles on building socialist spiritual civilization. This resolution takes the Marxist basic theory as its base, and integrates with China's actual conditions. It further explains the strategic position, basic tasks, and primary guiding principles of the building of socialist spiritual civilization.

This will inevitably promote and ensure smooth progress in China's socialist modernizations. [passage omitted] All comrades in the party, as well as all people, of the province must unswervingly strengthen the building of spiritual civilization. First, we must thoroughly understand the strategic position of the building of socialist spiritual civilization.

We all know that a socialist society is marked by its characteristics. Our socialist spiritual civilization, which bases its guidance on Marxism, is one of the important characteristics. Our party has resolved that we must build socialism with Chinese characteristics. This includes the building of both material civilization and spiritual civilization. At the same time, during the whole socialist period, these two civilizations dovetail with and promote each other. [passage omitted]

The building of socialist spiritual civilization is by no means not indispensable, as some people believe. Rather, it is a major task that plays a significant role in the cause of socialism. Only when we understand the issue from this high plane of strategy can we become more enthusiastic, avoid acting blindly, and overcome one-sided thinking. Therefore, we shall score fruitful results as we did in the building of material civilization.

In order to really act unswervingly, we must thoroughly understand the urgency and long-term role of building socialist material civilization. Since the 3d Plenary Session of 11th CPC Central Committee, the CPC Central Committee has attached great importance to the building of spiritual civilization. [passage omitted] However, we must realize that in many areas, the building of spiritual civilization does not conform with our socialist modernizations or our practices of full-scale reforms and opening up. Time and again, such and such negative factors have taken place within the party and in society. We must promptly solve the issue or our progress in the course of socialism will be affected. Therefore, to really strengthen the building of spiritual civilization is our urgent task at present.

At the same time, in the course of building socialist spiritual civilization, we should realize that the task cannot be carried out once and for all. Rather, we must unswervingly and protractedly carry it out. Since socialist spiritual civilization is an important feature of socialist society, it is undoubtedly true that throughout the whole socialist period, we must not slacken out efforts in the task. [passage omitted]

Once the building of spiritual civilization is really done well, we shall satisfactorily fulfill the requirements and easily solve problems developed in the course of progress.

In order to unswervingly carry out the task, we must conscientiously study the resolution, form a clear idea about its basic viewpoints, and thoroughly understand the spirit of the resolution. In the past, when studying central documents, some units and comrades read without understanding them. [passage omitted] This is also a kind of formalism. In this study, we must act seriously and spend great efforts in understanding it. Only when we seriously study and really understand the essence and spirit of the resolution, can we avoid interferences and make progress in our building of spiritual civilization.

Our ancestors created our magnificent ancient civilization. Now, we should create socialist spiritual civilization, which is more developed and splendid. We deeply believe that so long as we unswervingly act in the spirit of the resolution, we shall attain this goal.

GUIZHOU ISSUES CIRCULAR ON CADRE RESETTLEMENT

HK091448 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 8 Oct 86

[Text] The provincial government recently issued a circular urging all localities to do a good job in resettling demobilized army cadres this year.

The circular points out that according to the needs in work and the requirements on selecting cadres, all units that need demobilized Army cadres must assign suitable jobs to them in the light of their posts in the Army. Meanwhile, in accordance with the needs of economic development, all relevant departments must train the demobilized Army cadres in various channels and forms so that they can fit themselves to the new jobs.

The circular also demands that all localities solve the problems of the demobilized army cadres in the schooling of their children and housing.

SICHUAN LEADERS ATTEND NATIONAL DAY CELEBRATIONS

HK020139 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 1 Oct 86

[Excerpts] Chengdu City staged grand garden parties to celebrate National Day on 1 October. [passage omitted] These functions were attended by responsible comrades of the provincial party committee, Chengdu Military Region, the provincial Advisory Commission, Discipline Inspection Commission, People's Congress Standing Committee, government, and CPPCC including Nie Ronggui, Jiang Minkuan, Fu Quanyou, Wan Haifeng, He Haoju, and Cao Qingze. [passage omitted]

Governor Jiang Minkuan, who has just returned from Beijing after attending the 6th Plenary Session of the 12th CPC Central Committee, happily told everyone: The session's resolution on the guidelines for building socialist spiritual civilization is an extremely good resolution, which is bound to have a major and far-reaching impact on the building of socialist spiritual civilization in China. The people of Sichuan must study this resolution well, profoundly appreciate it, implement it with practical action, and turn it into a tremendous spiritual and material force so as to build Sichuan still faster and better. [passage omitted]

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PRC MEDIA ON TAIWAN AFFAIRS

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HU YAOBANG EXPRESSES CONFIDENCE IN REUNIFICATION

OW091657 Beijing XINHUA in English 1647 GMT 9 Oct 86

[Text] Beijing, October 9 (XINHUA) -- Communist Party General Secretary Hu Yaobang today expressed confidence in the reunification of China.

"In our efforts for China's reunification," Hu said, "we look forward to the participation of the Taiwan authorities as the main partner in peaceful negotiations, but we would also value the efforts by other patriotic forces and the Taiwan people."

"After Taiwan's return to the motherland," he said, "we'd take into consideration the interests of the people -- from the Taiwan authorities who have contributed to the reunification, as well as the interests of the other patriotic forces and the people."

The general secretary made these remarks at a meeting with Huang Shungxin, 63, formerly Taiwan's legislator, and 45-year-old Zhang Chunnan, former assemblyman of Taiwan, both of whom have settled down in Beijing.

Since 1979, Hu said, over 1,000 Taiwanese have come to live in Beijing, plus their family members and relatives.

Hu called his guests "noted patriots" and solicited the opinions and suggestions on China's reunification and the mainland's construction.

Huang said the patriots in Taiwan from various walks of life look fervently toward the reunification of the country.

Huang, who is now advisor to China's Academy of Agricultural Sciences, made suggestions on the popularization of agrotechnology and environmental protection.

Zhang Chunnan said he is glad to see Chinese people living a happy life as never before in the country's history. However, he said, China is still backward in comparison with advanced countries.

Hu said much remains for China to do. China's economy is recovering at a high speed and it is enjoying political unity and stability. However, he added, the people's income is still low and there remain many difficulties. Conscientious work is necessary to overcome them.

"But from a long-term point of view we have confidence in the future of our country," the general secretary said.

ULANHU URGES REUNIFICATION OF MOTHERLAND

OW091619 Beijing XINHUA in English 1559 GMT 9 Oct 86

[Text] Beijing, October 9 (XINHUA) -- Vice-President Ulanhu expressed the hope here today that the Taiwan authorities, while commemorating the achievements of Dr. Sun Yat-sen, would make a careful study of the "one nation and two systems" proposal for the reunification of the motherland advanced by the Chinese Communist Party.

He said, "The growing prosperity of the country demands reunification. The aspirations of the Chinese nation ask for reunification. The people of the world hope for such reunification."

He added that it was human factors that were separating the Chinese mainland and Taiwan.

Ulanhu was speaking at a meeting sponsored by the National Committee of the Chinese People's Political Consultative Conference (CPPCC) to commemorate the 75th anniversary of the 1911 Revolution which overthrew China's last feudal dynasty and the achievements of Dr. Sun Yat-sen.

He said that the revolution was an important milestone in modern Chinese history, marking a new era in the Chinese People's revolutionary struggle against imperialism and feudalism.

He noted that the 1911 Revolution led by Dr. Sun Yat-sen was a bourgeois democratic revolution which overthrew the rule of the Qing dynasty (1644-1911) and ended 2,000 years of feudalism.

He spoke highly of Dr. Sun Yat-sen, calling him a great patriot and a great forerunner of the Chinese democratic revolution. "His dauntless spirit in fighting for the prosperity of the nation always has our respect," Ulanhu added.

His three people's principles (nationalism, democracy and the people's livelihood), Ulanhu noted, were a complete guideline for bourgeois revolutionaries, and his three major policies (alliance with Russia, alliance with the Communist Party and help Korean workers and peasants) promoted the Chinese people's revolution.

The vice-president said that the Chinese Communist Party inherited the aspirations of Dr. Sun Yat-sen and led the Chinese people to accomplish his unfinished cause.

Other speakers at the meeting included Zhu Xuefan, vice-chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, and Cheng Siyuan, a noted non-party patriot. They hoped that the Taiwan authorities would abide by Dr. Sun Yat-sen's will to realize national reunification for the happiness of the whole people, have a good understanding of Dr. Sun Yat-sen's purpose in leading the northern expedition, accept the proposal of the Communist Party, enter into the third period of cooperation between the Communist Party and the Kuomintang and accomplish the reunification of the motherland.

Hu Ziang, vice-chairman of the National Committee of the CPPCC, proposed at the meeting that people on both sides of the Taiwan Straits first start postal and communications links and carry out business, later moving toward friendly cooperation in other fields.

Speaking at the meeting were also leading figures of the All-China Federation of Returned Overseas Chinese, the Association of Taiwan Compatriots and the Society of Graduates of the Whampoa Military Academy. They called for carrying forward Dr. Sun Yat-sen's aspirations and giving full play to patriotism to work for the early realization of reunification.

Shangguan Wuchen, 94, a member of Dr. Sun Yat-sen's revolutionary league, recalled his experiences in the 1911 Revolution. He was happy to note that the will of Dr. Sun Yat-sen and the other 1911 revolutionaries to see a unified and strong nation is being realized. He hoped that he would be able to see for himself the peaceful reunification of the motherland.

The meeting was chaired by Cheng Zihua, vice-chairman of the CPPCC National Committee. Among the 200 people present at the meeting were Xi Zhongxun, member of the Political Bureau of the Communist Party Central Committee, and Song Renqiong, vice-chairman of the Communist Party Central Advisory Commission.

PRC-TAIWAN CONTACTS DURING ASIAN GAMES VIEWED

HK080957 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1017 GMT 7 Oct 86

[Report: "A Gratifying Breakthrough Outside the Sports Grounds"]

[Text] Hong Kong, 7 Oct (ZHONGGUO TONGXUN SHE) -- The Asian Games, which lasted 16 days, have already ended. The athletics team of the mainland has again ascended the throne of champion with its 94 gold medals. The descendants of the Emperor Yan and Emperor Huang inside and outside China feel excited and proud. Another breakthrough outside the sports grounds of the Asian Games -- the direct contact between the relevant personages from the both sides of the strait, is more gratifying and encouraging.

On 25 September, the Council of the Asian Olympic Committee unanimously adopted a resolution on permitting Taiwan to take part in the organization again in the name of "China -- Taipei." After the resolution was passed, Tu Mingde, representative of Mainland China to the Olympic Committee extended his hand immediately to Chang Pi-te, Taiwan's representative to the organization, to express his congratulations. Without any hesitation, Chang also extended his hand. Representatives from the two sides of the strait shook each other's hands firmly, and talked cordially. The sight was moving.

On 2 October, CHOSON ILBO, the largest newspaper in South Korea, invited reporters from the two sides of the strait to exchange views on the issue of the Asian Games. Wang Xunsheng, head of the reporters' group sent by the mainland's official XINHUA NEWS AGENCY to Seoul to cover the Asian Games, and Chang Sheng-chao, special correspondent sent by the Taiwan officials CENTRAL NEWS AGENCY, attended the discussion together. At the 2-hour meeting, the two official reporters expressed their views not only on the Asian Games, but also on sports exchanges between the two sides of the strait. It was reported that when a South Korean reporter asked the Taiwan reporter: "When you knew that the mainland team had won the largest number of gold medals, what did you think of it?" He answered straightforwardly: "This shows that the Chinese nation is excellent!"

With the development of the situation, athletes from the two sides of the strait compete with each other in the same sports grounds. They shake hands and talk with other. Such a scene is frequently seen in recent years. However, the official representatives of the two sides shaking hands and talking with each other about matters of interest to both sides, and reporters from the mainland and Taiwan participating in the same discussion was something happening for the first time for the past 37 years. This could not but be regarded as a breakthrough in the present Asian Games.

In 1984, Taiwan scholars put forward for the first time the idea of "separating politics from academic learning" at a "meeting on the national fate." Over the past 2 years, various quarters in Taiwan have successively put forward demands for "separating politics from economy," "separating politics and sports," and "separating politics from family visits." Numerous complicated things have happened in this large world.

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Experience has shown that if everything is stained with a political coloring, it is difficult to handle matters occurring at home and abroad. Conversely, if we "separate politics from business," all problems can be readily solved, including very sensitive ones. The China Air Lines incident is an example. Taiwan's re-entering the Asian Olympics Committee is another.

It is the common desire of the people of the two sides of the strait to speed up their nongovernmental contacts without political interference. At present, the contacts between the two sides have increased. What people earnestly look for is acceleration of these contacts by developing more channels and layers. The breakthrough outside the sports ground of the Asian Games has enlightened and encouraged people.

HONG KONG

HONG KONG NPC DELEGATES FEEL 'SIDESTEPPED' ON FECS

HK080249 Hong Kong SOUTH CHINA MORNING POST in English 8 Oct 86 p 31

[By Chris Yeung]

[Text] Confusion over the abolition of China's Foreign Exchange Certificates [FECs] has triggered anger among Hong Kong delegates of the National People's Congress, who say they have been left in the dark.

Local members are particular disappointed that the law-making body has been sidestepped by the country's state Council in deciding the fate of the second currency, according to a local delegate, Mr Ng Hong-mun.

Vice-Premier Mr Yao Yilin revealed in April that China was to abolish FECs to help the country's external trade and promote tourism.

It was revealed in July by a senior official of the Bank of China that the abolition was likely to take place before the end of the year.

The official LIBERATION DAILY, however, carried a report early last month that FECs would not be issued after October 1 and would no longer be valid currency after the end of next month.

The report was quickly denied by an official from the Bank of China, [BOC] who said the date was postponed because of a delay in preparation work.

China's Central Bank chief, Miss Chen Muhua, told a celebration on the eve of the 37th Anniversary of the National Day no decision had been made on when FECs would be abolished, or what would replace them.

On Saturday, Shenzhen Vice-Mayor Mr Zhou Xiwu told reporters that Beijing had yet to work out substitutes for FEC's after they were abolished.

The latest report on the abolition came from a BOC official at the opening of the Stock Exchange of Hong Kong on Monday.

Mr Ng said: "It's a total mess.

"The matter should be vested with the central Government."

He said the local delegates had spoken against the introduction of FECs in 1980, when the go-ahead was announced.

He said: "We were asked to give our views on the new currency... but we were totally in the dark when Vice-Premier Yao Yilin announced the abolition in April.

"The NPC, being a lawmaking body, should be fully consulted on such an important issue."

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Mr Ng said foreign traders and residents in the SEZs had already had their suspicions over the abolition, fearing they might suffer heavy losses if no satisfactory substitutes were devised.

The local delegates have proposed that the NPC's Standing Committee channel their views to the central Government to "fully consult the public's opinions and take cautious steps" before abolishing the six-year-old currency, he said.

UMELCO 'BRIEF' CRITICIZED AS IRRESPONSIBLE

HK060611 Hong Kong HONGKONG STANDARD in English 6 Oct 86 p 1

[by Jessie Yim]

[Text] A restricted Umelco "brief" for the Legislative Council delegation that went to Beijing last month shows there was wide-spread public discontent with the council's nuclear power fact-finding report.

The fact-finding report was accepted by both Beijing and by many councilors, despite the severe denunciations the report received from the public.

The Umelco brief, a copy of which has been obtained by THE STANDARD, contains letters and comments directed to the Legco fact-finding delegations that visited nuclear installations in America, Europe, and Japan.

It was these two delegations that prepared the report taken to Beijing.

Some of these comments, in rather emotional tones, denounced the report as irresponsible and ignored the worries of the public. They indicated the two fact-finding delegations had done a disservice to the public.

Veteran Executive Council and Legislative Council members, Miss Maria Tam and Mr Allen Lee, who led the fact-finding delegations, were jointly denounced in one letter, and Miss Tam was singled out for personal criticism in another.

The fact-finding report taken to Beijing by the 11 member Legco delegation contained 30 "observations" intended as major points for discussion concerning safety measures of the Daya Bay nuclear plant.

More than 8,000 copies of the report were distributed in Hong Kong first. A total of 31 representatives -- letters, comments and other forms of reaction -- were received by the Umelco Office before September 16, less than 20 days after the report was released.

Apart from reactions from political groups and district board members, nearly half of those sent in were written by individuals or resident groups.

Of all the representations, roughly two-thirds contained adverse comment. Many of them contained detailed arguments.

One was written by the Institution of Fire Engineers, a professional group including the Government's fire engineering experts.

The letter said the report "lacks consideration on certain aspects such as preplanning on fire-fighting operation, training to onsite staff and liason with local fire authorities."

The institution is an organisation dedicated to promote and improve "the science and practice of fire extinction, prevention and engineering."

However it also noted that "the importance of safety and emergency planning in the operation of generation plants has been recognised."

As for the reactions supporting the report, only three contained details illustrating the reasons.

Of the three, two were written by the Hong Kong Civic Association and the pro-China Hong Kong Federation of Trade Unions.

On the opposition, three political groups submitted representation, namely the Joint Conference for the Shelving of the Daya Bay Nuclear Plant, the Hong Kong Affairs Society and the organisation, Meeting Point. The Tsuen Wan District board was the only DB to submit a position paper.

In a highly emotional letter from what claimed to be a group of technicians, Miss Maria Tam and Mr Allen Lee were condemned for ignoring the concerns of the public. The letter said both of them "were once our idols, especially when Hong Kong was in a crisis over the future, but when the report was released, all were disillusioned."

Signatories of another said they felt Miss Tam and the Legco group she leads are "irresponsible and therefore will not be trusted any more."

The letter expressed extreme disappointment with the report, saying that the fact-finding delegations were over-presumptive that China would build the Daya Bay plant regardless of opposition.

DAYA BAY DEMONSTRATORS REFUTE 'FAILURE' CLAIMS

HK060541 Hong Kong HONGKONG STANDARD in English 6 Oct 86 p 1

[Text] Clapping, singing, raising fists and chanting slogans, some 1,000 people yesterday attended an anti-Daya Bay rally at Morse Park, which the organisers said marked the beginning of the second phase of the local anti-nuclear movement.

Though the turnout was only one third of what the organisers expected, the participants appeared to be so committed to their cause that the chairman of the rally, the Rev Fung Chi-wood, called the gathering "successful and encouraging."

Among those who attended the two-hour gathering were students, church leaders, district board members, political group activists as well as member of the public.

"More than half of the participants have not been involved in the campaign before," the Rev Fung said.

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Councillor Szeto Wah told the crowd that the anti-Daya Bay campaign has now embarked on the course of a "persistent battle."

"Some people have accused our movement of failure. If the Daya Bay nuclear station can operate safely till the day it is decommissioned, I will be more than willing to admit that our campaign was failed.

"But history tells us, there has been no such happy failure before. We have just marched into a state of persistence. Some may be too frightened to carry on and some may even defect to the other camp in the course of our campaign, but I am sure that many more will join us in upholding the flag of justice," said Mr Szeto.

He also denied a press report that his 30,000 member Professional Teachers Union will gradually "fade out" from the movement.

"Our union will strive shoulder to shoulder with the majority of the people of Hong Kong, and let history be our witness. Let us be prepared for this prolonged battle and let those nonsense makers continue with their nonsense," pledged Mr Szeto.

Another speaker, Dr Kwok Siu-tong, showed his colours as a university lecturer in history when he pointed to the crowd that the present government was less responsive to public demands than the one 15 years ago.

"In 1971, Dr Denny Huang brought a 300,000 signature petition to Britain to press for the recognition of Chinese as an official language. A special official committee was then set up to look into the issue, and the status of the Chinese language was subsequently recognised as equal to that of the English language.

Ten other speakers at the rally also raised similar criticism of the authorities.

MACAO

GOVERNOR SAYS 1997 RETURN TO PRC 'IMPOSSIBLE'

HK100732 Hong Kong AFP in English 0726 GMT 10 Oct 86

[Text] Macao, 10 Oct (AFP) -- The date for Hong Kong's return to China, 1997, could not be the same for this Chinese territory under Portuguese administration, the Governor of Macao, Pinto Machado, said in a radio broadcast here Friday.

Mr Machado was speaking on his arrival in Lisbon for an official visit to Portugal.

"It is completely impossible to coincide the date when Macao will return to China with the one chosen for Hong Kong," the governor said in a statement broadcast by Radio Macao. "Macao does not have the dimension and development of Hong Kong."

"It will be a problem much more complex," he said.

The third round of talks between Portugal and China will take place in Beijing on October 21 and 22.

OFFICIAL ON SOARES VISIT, AIRPORT PROPOSAL

HK100621 Hong Kong SOUTH CHINA MORNING POST in English 10 Oct 86 p 4

[By SOUTH CHINA MORNING POST correspondent]

[Text] Macao -- Portuguese President Dr Mario Soares may visit Macao next year, Mr Carlos Monjardino, the Under-Secretary for Economy, Finance and Tourism said yesterday on his return from an official visit to Lisbon.

Mr Monjardino said the Macao government would extend an official invitation to the President next year.

If Dr Soares accepts, he will be only the second Portuguese president to visit Macao.

Former President Dr Antonio Ramalho Eanes visited the territory in May last year after a state visit to China.

During his stay in Lisbon, Mr Monjardino met Dr Soares to discuss Macao affairs.

Speaking on Zhukai's recent revelation that it intends to build an international airport, Mr Monjardino said the conditions in Macao were better suited to such a venture.

He said the territory's Government had informed the Zhuhai authorities about its intentions to build an international airport in Macao, but so far no reaction had been forthcoming.

Another Macao cabinet member, Under-Secretary for social Constructions Mr Carvalho Dias, said yesterday that so far two international consortiums, one from West Germany and one from the United States, had submitted their proposals to the Macao Government concerning the construction of the territory's international airport.

Mr Dias said that since the construction of an airport was a massive project, involving large sums of money and up-to-the-minute technical know-how, the Government would study the projects and proposals carefully before making any decisions.

The American bidder, Tams (Tippetts-Abbett-McCarthy-Stratton), submitted its plan to the Macao Government last week.

A West German firm, Fag, (Frankfurt Flughafen Gruppe Gmbh, which in English means Frankfurt Airport Group), was awarded the six-million-pataca (about HK\$5.8 million) contract in 1984 to carry out a feasibility study on the construction of the proposed airport.

It submitted its proposals last week.

Meanwhile, Legislative Assembly President Dr Carlos Assumpcao said he hoped the date on which Macao would be returned to China's jurisdiction would be "flexible".

Dr Assumpcao said on Wednesday night that Macao's situation was different to that of Hong Kong since Macao had no fixed time limit for its return to the mainland, while Hong Kong had 1997.

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